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Enhancing Marketing Thought and Practice

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ARTICLES

RAILBIRDS, SCOUTS, AND INDEPENDENT BOOKSELLERS: TOWARDS A CONSTRUCTIVIST INTERPRETATION OF NEW BUSINESS FORMATION

Marc Weinstein

Despite the growing importance of sole proprietor businesses, we still have a relatively weak understanding of self-employment relationships. The ways individuals develop and act upon entrepreneurial ideas, the role of community in providing capital and intellectual resources, and the adaptation of community norms to business operations are important areas of enquiry. This study seeks to deepen our understanding of these issues by examining how a community of semi-professional poker players not only constitutes the conduit through which ideas about new business opportunities are transmitted but also provides the *modus operandi* governing their relations with customers and others' businesses. These findings are developed through a constructivist mode of enquiry intended to reveal how the norms of this community have been incorporated into the day-to-day operations of a loosely connected network of independent bookstores.

Introduction

In the past two decades, self-employment has been an important source of economic vitality. After steadily declining from 1948 through the 1970s, self-employment rates in the United States levelled off in the early 1980s and have recently begun to grow (Kirchhoff, 1994; Bregger, 1996). Department of Labor data suggest that 23 million people in the United States are self-employed and even this figure understates the direct employment effect of self-employed entrepreneurs (Dennis, 1996). Indeed, Kirchhoff (1994) finds that micro-enterprises, firms with between one and nineteen employees, have been responsible for a disproportionate share of new job growth in six of the seven two-year periods between 1976 and 1990. Similar trends are found in Europe. After a steady long-term decline, the number of self-employed individuals in Europe reached a low in the 1970s, and then began to rise again. While overall self-employment rates in Europe are tightly linked to the structure of agricultural production, most growth in self-employment in Europe has occurred in manufacturing where employment in large organisations is on the decline. These trends have been most evident in Ireland, the United Kingdom, and Italy where self-employment in manufacturing reached 11, 11, and 15 per cent respectively by the end of the 1980s (Loutfi, 1991). Given these trends and the current disenchantment with government welfare programmes, it is not surprising that policy-makers in the United States and Europe have begun to explore new measures promoting self-employment (Balkin, 1989; ILO, 1990, Staber & Bogenhold, 1993; Raheim, 1996).

Despite the contributions of micro-enterprises to macro-economic growth and personal economic wealth, the study of micro-enterprises remains relatively neglected. Part of this neglect derives from the misperception that micro-enterprises are only 'mom and pop' operations, which contribute little to national economic growth. Similarly, other researchers have treated self-employment as an undesirable last resort for those who, for reasons of discrimination or undereducation, cannot find 'good' employment in large organisations (Borjas and Bronars, 1989). Whatever the reason, micro-enterprises have been overlooked as an important source of personal growth, job creation, and economic vitality.

Consequently, we have a relatively weak understanding of self-employment relationships. The ways individuals develop and act upon entrepreneurial ideas, the role of community in providing capital and intellectual resources, and the adaptation of community norms to business operations are important areas of enquiry. This study seeks to deepen our understanding of these issues by exploring the role of social networks in facilitating the establishment and guiding the operation of

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micro-enterprises. Specifically, this study examines how a community of semi-professional poker players not only constitutes the conduit through which ideas about new business opportunities are transmitted but also provides the *modus operandi* governing their relations with customers and others' businesses within and outside of their social community. These findings are developed through a constructivist mode of enquiry intended to reveal how entrepreneurs in this community have incorporated the norms of their community into the day-to-day operations of a loosely connected network of independent bookstores.

The paper begins with a discussion of alternative approaches to the study of new business creation. Whereas most research on employment choice has focused on individual behaviour, this project builds on recent studies that have treated entrepreneurial behaviour as being socially embedded. Therefore, the community is the starting point from where members of this network and I work together to construct a common understanding of how they started their businesses and how they relate to other network members and the outside world. This theme is explored in the methodology section of the paper, which briefly counterpoises the aims of positivist inquiry to the goals of constructivist research which motivate this project. I then turn to an analysis of the diffusion of business ideas and norms in this network. The paper concludes with observations concerning the further study of micro-enterprises.

Previous Research in Employment Choice

Individual Attribute Models

Understanding the reasons why people become self-employed has been the goal of considerable research. One broadly used method has been to survey individuals concerning their business activities, personal history, and values. Findings from these studies have allowed researchers to determine the motivation of entrepreneurs and their distinctive characteristics. Scheinberg and MacMillan (1988), for instance, identified the need for approval, personal development, communitarism, independence, and the desire for wealth as prominent motivators for individuals to create new firms. Similarly, Reynolds and Miller (1988) and Cooper et al. (1989) identified the desires for challenge, wealth, and autonomy as the individual drivers of new business creation. Focusing specifically on employment choice status, Katz (1992) developed a 'tracking' model, which relates personal history and values to an individual's decision to enter an occupation through self-employment or bureaucratic employment. This, in turn, provided the basis for study of career choices of university graduates in the United States, Europe, and Asia (Kolvereid, 1996; Ghazali et al., 1995). These studies, as well, identified the desire for autonomy and self-realisation as the primary motivators of self-employment career choices.

Economists and sociologists have also utilised individual attribute models by applying human capital theory to the study of employment status choice. These models suggest that individuals choose their employment status based on where they receive the highest marginal returns to their personal stock of human capital. For some people this will be bureaucratic employment; for others it will be self-employment. One variant of this research, constraint theory, emphasises the barriers individuals encounter in seeking bureaucratic employment. In an early study, Phillips (1962) concluded that self-employment is principally a self-defence mechanism against unemployment for individuals whose human capital stock is not valued in bureaucratic organisations. This perspective has been used to study self-employment rates of immigrants (Borjas, 1986; Borjas and Bronars, 1989), the disabled (Quinn, 1980), and the chronically unemployed (Evans & Leighton, 1989). A second variant, choice theory, emphasises human capital traits that are not readily transparent to bureaucratic organisations (Aronson, 1991; Devine, 1994). Carr (1996) emphasises individual maximising behaviour, as well, when she finds that women choose self-employment because of the greater flexibility it affords them in meeting the competing demands of family and work.

While these various individual-level approaches provide important insights into the affinitive and instrumental motivation of entrepreneurs, they have distinct limitations. On an empirical level, psychological and economic models of employment choice overstate the differences between entrepreneurs and non-entrepreneurs. According to national surveys in the United States, for every one self-employed individual, there are two who would like to be self-employed (Steinmetz and

Wright, 1989). Human capital and personality traits may, on average, distinguish entrepreneurs from non-entrepreneurs, but frequently do not. Access to financial resources, know-how, and entrepreneurial networks are likely to intervene, and these factors are not randomly distributed across the population.

On a conceptual level, these under-socialised approaches to new business creation have limitations. Even at their most refined level, predictions concerning the relative propensity of individuals to start a new business provide little, if any, information concerning the relationship of entrepreneurs to their communities, clients, suppliers, and other businesses. Such information may provide valuable insights not only about these issues but also about the factors leading to new business creation.

Cultural Attribute Models

In contrast to these individual attribute models, there have been a number cultural approaches to the study of new business creation. Generally, these theories posit that there is a individual propensity to entrepreneurship based on culture, national origins, or religion. The research in ethnic and immigrant entrepreneurship has been particularly extensive. These studies view non-economic factors such as social norms, social legitimacy, and the internal fit between culture and entrepreneurship as playing important roles in the rise of modern entrepreneurship (cf. Berger, 1991).

A number of cultural studies have examined the relationship between these variables and economic and intellectual capital. Yuengert (1995), for instance, finds evidence that immigrants from countries with high levels of self-employment are more likely to be self-employed in the United States than are native-born residents. He attributes this to the higher likelihood of these individuals having knowledge or experience in small business (a form of human capital which Light (1984) refers to as ethnic resources). Building on this resource dependency perspective, other researchers have emphasised the community as a resource for particular immigrant communities. Greene (1997) develops a resource-based approach to explore how community sponsorship among Ismaili-Pakistani immigrants in the United States provides valuable opportunities to learn about small business and access to resources for new business development. Numerous studies have examined how rotating community-based credit systems available to co-ethnics have promoted entrepreneurship (Tenenbaum, 1993; Bonacich and Modell, 1980; Chotigeat et al., 1991). Similarly, Sanders and Nie (1996) attribute differences among ethnic groups to varying levels of social and family capital among different ethnic groups.

A weakness of many of these recent studies is an under-appreciation of, or at least the lack of enquiry into, how cultural norms are integrated into emergent enterprises. Indeed, at some level, 'culture' in many cultural studies has been removed and is treated as an alternative form of capital. While this alone does not distract from the contributions of these studies, it does neglect a rich social context, which could provide important insights into the process of new business creation and the ways this process may influence the evolution of these businesses.

Network Models

Neglect of this relational aspect of entrepreneurship has been the main concern of Aldrich and Zimmer (1986). Drawing on network theory, they view entrepreneurship as being embedded in networks of continuing social relations. New business ventures, like other forms of economic activity, are analysed in terms of social relationships and the network of relationships between economic actors (Granovetter, 1985). Where individual attributes and cultural resources may provide necessary conditions for a would-be entrepreneur, an individual's location in a social network can be a determining factor.

Subsequently, the application of network theory in entrepeneurship studies has explored different patterns of networking across various groups of entrepreneurs. For instance, female entrepreneurs have been shown to have different social networking patterns to their male counterparts (Aldrich et al., 1990; Bird, 1989; Rosa and Hamilton, 1994; Katz and Williams, 1997). Other research has examined the relationship between networking activities and competitive strategy (Ostgaard and Birley, 1994) and firm performance (Aldrich et al., 1987).

These rigorous quantitative studies demonstrate the utility of a network perspective in entrepreneurship studies. They illustrate the social embeddedness of economic activity and touch upon the complexity of social relationships in business ventures. At the same time, these studies have generally not sought to explore the qualities of the social interactions leading to the founding and operations of new business endeavours. Consequently, we have limited insight into the relationship among social communities, the diffusion of entrepreneurial know-how, and business norms.

Research Methods and Data Sources

Constructivist Framework

To gain a deep understanding of these issues, I have designed and conducted this study within a contructivist mode of enquiry. My explicit aim is not to test hypotheses, but to construct, with the participation of individuals in the community, a shared understanding of how interactions in their community led to the founding and operation of their businesses. The qualitative techniques used in this research follow this aim. In this sense, these techniques constitute an approach to knowledge creation, not a research methodology, whose appropriateness is derived from the nature of the social phenomena being studied (Van Maanam, 1979; Morgan and Smirich, 1980). This position is most easily explained through a brief contrast between positivist and constructivist modes of enquiry.[1]

The goal of positivist research is to explain and predict social phenomena. To accomplish this, hypotheses are deductively derived, an appropriate experimental design is crafted, data are gathered, and the hypotheses are tested. Knowledge is accumulated through successive tests of causal relationships. Conventional benchmarks measuring internal and external validity, reliability, and objectivity are available. So as not to undermine the validity of the study, the researcher is often required to conceal the aim of the study from those being studied. Accordingly, the voice of the researcher is that of a disinterested scientist.

By contrast, the goal of constructivist research is to understand, to 'reconstruct', social phenomena. The researcher begins with an informed notion of social reality and, working with others, the researcher gathers individual reconstructions coalescing around a consensus. Knowledge is accumulated over time through successively more informed and more sophisticated reconstruction. The authenticity of the research endeavour and the trustworthiness of the constructions provide the basis for validity. This can be achieved by including the subjects of the research in the project and the participation of the researcher in the community being studied. Accordingly, the voice of the researcher is that of a 'passionate participant' who facilitates a multi-voiced reconstruction of social phenomena (Guba and Lincoln, 1994; Schwandt, 1994).

Not only does the aim of this enquiry require a constructivist approach, but also my relationship to the community study makes this mode of enquiry appropriate. At various times during the past 24 years, I have been alternatively an employee and employer of members in this network. I am linked to members of this community through multiple familial and social ties. Though not a poker player, I have spent considerable time in the poker halls of Gardena, California where members of this community congregate. Side-by-side with these individuals, I have bought and sold books, observing how the norms, rules, and logic of the poker hall have been applied to commerce and life.

Data Sources and Collection

This research incorporates both first and second order data. The first order data consist of retrospective and contemporary observations from my vantage point as a member of this community. Retrospective observations consist of my early experiences as an employee in two storefronts. Contemporary data include my observations as a current equity holder in one storefront bookstore founded in May 1998. In this capacity, I am involved in the buying and selling of books from customers and other booksellers. These experiences have been extensively documented in a field diary.

Beginning in July 1998 I began to gather second order data. Since that time I have conducted formal interviews with eighteen members of this community. During this same period, I have had conversations or corresponded via e-mail with over thirty booksellers, most of whom are mem-

1 This discussion is based largely on Guba and Lincoln (1994).

bers of the network. The formal interviews were tape recorded and transcribed. The informal discussions have been recounted in the field diary, and the e-mail correspondence has been archived. Both the formal interviews and informal discussions provided extensive opportunities for participants to recount the origins of the business, their buying and selling strategies, their relations with individual booksellers in and outside of the community, and their responses to new competitive challenges and opportunities posed by the advent of electronic commerce.

Origins and Expansion of Gardena Book Network

Origins

The Gardena network of independent booksellers can be traced to single storefront founded in Southern California in 1964. It began when two brothers opened Merchandiser Brothers,[2] a second-hand store in a minority neighbourhood. Like many entrepreneurial ventures, the ultimate success of Merchandiser Brothers can be attributed to a combination of opportunity, industriousness, and serendipity. Most of the merchandise for this store had been transported from a run-down section of Gary, Indiana where their recently deceased father also had a second-hand store. Much like their father's store, Merchandiser Brothers was filled with used clothing, kitchenware, furniture, tools, electronics, books, and other knick-knacks. Most items were acquired at swap meets, auctions for unopened Bekings Moving Van boxes, and other second-hand stores.

About six months after opening the business, one of the brothers found a cache of 5,000 books in another second-hand store. After a bit of haggling, the two merchants settled on a price of five cents a book. The initial idea was to broker the books to a store elsewhere in Los Angeles. After several phone calls failed to generate interest in the books, the brothers decided to run a classified advertisement in the *Los Angeles Times* reading: '5,000 old rare books for sale cheap'. The response was immediate and overwhelming. In the first few days the advertisement ran, assorted collectors and book scouts spent nearly $2,000 for a small percentage of their inventory. A business idea was born: 'I said to Glen: "This is pretty good. You buy books for a nickel. You make at least five times your money." And what the hell, a book is a book. So, we started buying books for a nickel a piece' (interview 6).

Early in the life of Merchandiser Brothers, one of the original founders sold his interest to a third brother. A few months later, the remaining owners sold their non-book merchandise and opened Legacy Books in Hollywood. Over the next ten years, Legacy Books moved up market to sell collectible books and in time established itself as a premier antiquarian bookstore with a worldwide reputation. In the meantime, the brother who sold his early interest in Merchandiser Brothers opened numerous bookstores with friends and other family members. These people, in turn, started their own bookstores with friends and family members.

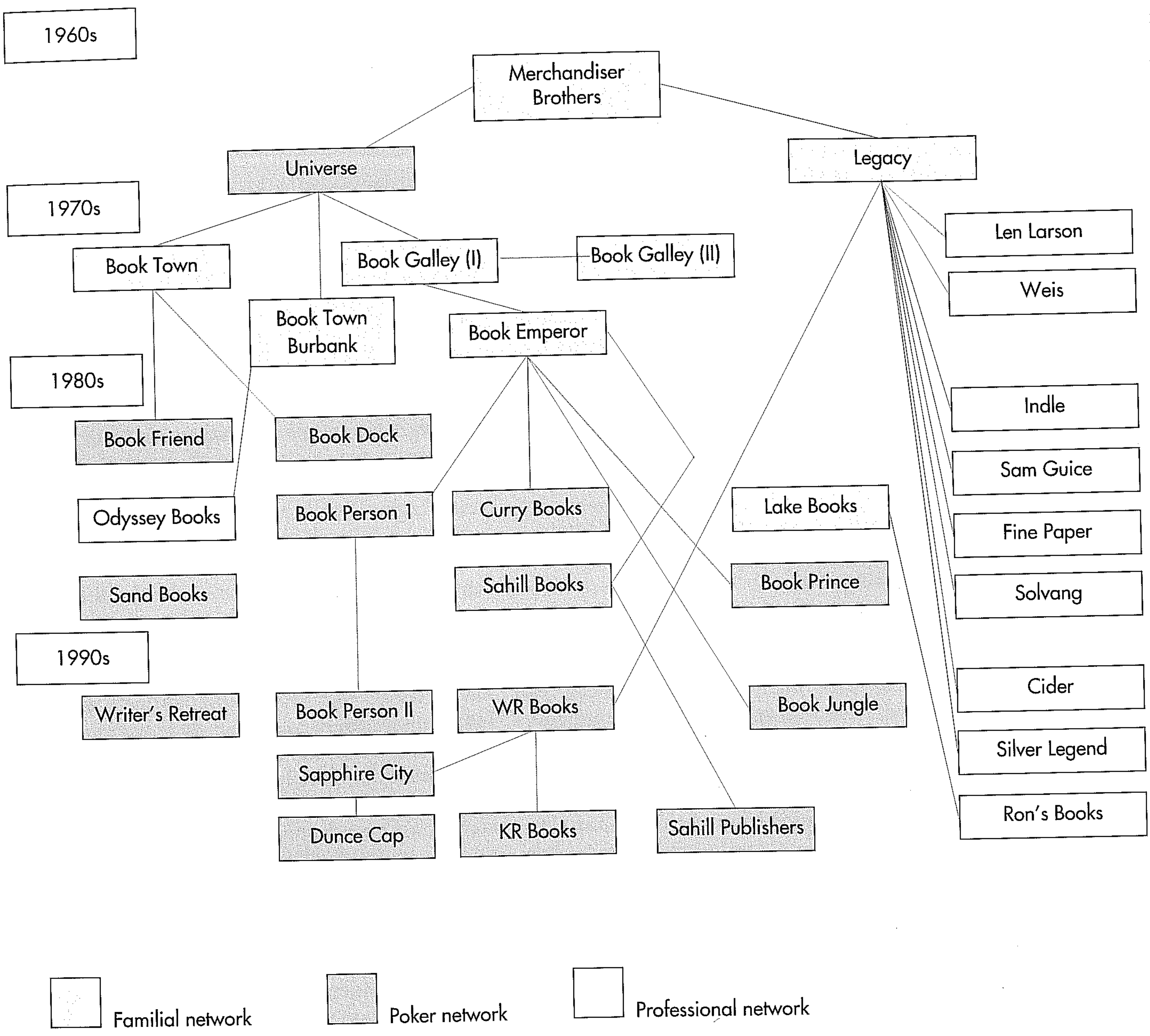
My research to date has identified 58 bookstores, involving more than 49 entrepreneurs who have started independent bookstores that could be directly traced to the founding of Merchandiser Brothers. Of these businesses, seven have been established within the past year, demonstrating the vitality of the network. This growth has taken place despite widely publicised competitive pressures facing independent sellers. Finally, it should be noted that the actual number of stores in the network certainly exceeds the 58 included in this study. I have not interviewed many entrepreneurs in the networks who have directly or indirectly passed knowledge of the book industry to friends, family members, and former employees.

Paths of Diffusion

Since the establishment of the Merchandiser Brothers, familial, professional and social affiliation have contributed to the founding of these businesses. Figure 1 provides a partial representation of businesses in the network and illustrates the proliferation of storefronts over a period spanning three-and-a-half decades. In the initial years, familial ties dominated and business knowledge was passed from one sibling to another. Without a formal education beyond high school and with few promising job opportunities in large firms, these brothers and sisters were always sharing ideas about economic survival. Starting a book-

2 Pseudonyms are used for names of businesses and individuals.

Figure 1 The Gardena Book Network



store seem to be the most promising and enduring of the ideas circulated.

Professional affiliation has been the dominant form of diffusion for antiquarian bookstores in the network. The typical pattern has been for individuals with specialised training (for example, library science) to seek employment in an antiquarian bookstore so they can learn more about books and the book business. Legacy Books, in particular, has been a magnet for those wishing to enter the antiquarian book trade. No fewer than nine former employees have started their own businesses. For these professionals, business and ethical norms are embodied and enforced through their professional association, the Antiquarian Bookseller Association of America, in which many members from this network have had formal leadership roles.

Finally, social affiliation has accounted for the growth of a majority of stores in the network. Beginning in 1966 and extending to this day, social acquaintances of bookstore owners in the Gardena network have been lured into the business. Entrepreneurs in the network initially share information about the book business when exchanging economic survival strategies. On some occasions, these social acquaintances work in bookstores owned by network members, before striking out on their own. In other instances, someone with experience in the book business but with no capital entices someone with capital but no experience into the book business. In most cases, new businesses created through social diffusion have been cloned from other businesses in the network. In other words, the new entrepreneurs copied *in toto* the basic elements of existing stores in the network, including store layout, pricing practices, and buying strategies of other businesses in the network.

A distinguishing feature of businesses started through social diffusion is that these businesses owe their start exclusively to the social network. In other words, these individuals would not have started an independent book business were it not for their membership in the social network. For independent booksellers for whom social diffusion has been the entrée to the book trade, the predominant business and ethical norms are those of their social network. In this particular network, the norms of cardrooms of Gardena, California play a dominant role.

From Social to Business Norms

The Gardena Cardrooms

In its heyday in the 1980s, Gardena, a suburb south of Los Angeles, had the largest concentration of poker tables in the world. The combined clubs of Gardena could seat over 1,500 poker players at one time. To this day, Gardena cardrooms are designed for serious poker playing. All aspects of the physical environment are structured for quick play. Players pay the house an hourly fee to play; for them rapid action means they play the most number of hands for their money. The house, by the same token, is anxious not to have players wait, and will employ shills, who receive a daily rate but otherwise play with their own money, to get games started.

More important than the physical environment is the ambience of the Gardena cardrooms. 'Entering a cardroom one passes through a "symbolic door" whereupon outside society's rules and tedium no longer seem important' (Hayano, 1982, p. 45). Regular players dominate and are on familiar terms with each other, the floor manager, the boardman, chipgirls and other employees of the cardroom. For many, poker playing is the primary way they spend their leisure time, and for many others poker is not just their avocation, but their vocation.

The relationship among regular players is one of both intense competition and mutual support. At the card table friendships do not stand in the way of competition. When not in games, players share information and short-term loans. On occasion, tips about how to play hands are exchanged. Most professionals, however, already have good card sense – knowledge of the mathematical odds of poker. More important, and less easily obtained, is knowledge and skill about how to play players. Updates about whose cards are 'running hot', who is 'stuck', who is 'tapped out', and the idiosyncratic playing habits of new and regular players are part of a ritual information exchange. To a professional poker player, this exchange is more than idle gossip. It is vital information that can provide a competitive advantage at the poker table.

Also shared among poker players is general information about economic survival. Ideas for various legitimate business ideas and some business scams are traded. Many of these players work just to play poker and are always on the look out for some better way to make a buck. They are also attentive to opportunities for just a better job – a job that will give them more independence and more flexibility. Indeed, the need to counter a feeling of lack of control is, perhaps ironically, why poker playing is so attractive to Gardena players: 'When I play poker, I'm my own boss. I'm in control. I decide when, where, and how much. I don't have to punch a clock, I can lie to my friends, I can even day-dream on the job and I don't get blisters on my feet' (Jones, 1984, p. 10).

It is in this environment that ideas about the book business are exchanged. Here is a business that requires low amounts of capital, provides flexibility, and offers pretty good money. Also, there is the chance of getting that one big hit, finding that one library that you could live off for the next thirty years. Network members regularly exchange stories about great finds and echo myths about booksellers who lived 'thirty years' off one library. Each harbours hopes that one day they will strike it big:

> There is no doubt about it. There is the same type of emotional thrill from the book business that you get from the gambling table. For example, you really don't know what to expect. You don't know, if someone brings you some books or if you go out and buy some books. This might be the big one. You might grab this book that you pay fifty cents or a dollar for and sell it for five thousand. There's that thrill that's always there ... That's one thing there is no doubt there is that connection between the book business and the gambling business. That's what I'm saying (interview 8).

Whatever the affinity between bookselling and poker playing, the relationship among business ideas, practices, and norms is complex. By no means do all Gardena poker players, when presented with the opportunity, jump at the chance to open a bookstore. Nor are all Gardena network bookstore entrepreneurs poker players. Indeed, the relationship between poker playing and bookselling may appear greater than it is precisely because network members have so successfully incorporated the norms of the cardroom in their trade. The reality is that while the relationship between poker playing and bookselling is not inevitable, it is also not incidental.

To understand this relationship, I examine the role and culture of railbirds, scouts, and independent booksellers in the Gardena book network. The discussion of railbirds highlights the culture of mutual self-help common among friends in the Gardena network. In examining the position of self-employed book scouts, I highlight the multiple economic functions of the lowest social strata of the Gardena book network. Finally, the buying and selling strategies of independent booksellers exemplify the merging of cultural and business norms in the Gardena network.

Railbirds

At any given time leaning on the rail encircling the playing area in the Gardena card rooms are 'tapped-out', 'busted' players, – players who, out of luck and out of money, wait 'for friends to arrive or for winners to leave the cashier's window' (Hayano, 1982, p. 98). These people are the railbirds of the Gardena cardrooms. 'The railbird is the cardroom gadfly who spends much of his time broke looking for a stake in the game' (Jones, 1984, p. xii). The literal railbird is a fixture of Gardena cardrooms.

Railbirds persist as long as they do thanks to the support they receive from friends in the cardroom. At one time, nearly all poker players are busted and most understand the desire to get back into the game. Indeed, short-term loans are as much a fixture of Gardena poker halls as are railbirds themselves. However, even well liked railbirds run out of goodwill. For them, entrepreneurs in the Gardena book network have frequently been the employers of last resort. Barry leaned on one such entrepreneur when he was busted and needed a job. As his friend tells it:

> One day walks in an old friend of mine, Barry Sullen. 'Hey Sullen. Where have you been?'
>
> 'Oh I haven't been gambling', he says. 'I went to chase down my wife and my kid. See she took off on me ... I don't have a dime ... Can I sleep in the store? I'll work.'
>
> I said, 'I tell you what Sullen,' I happened to like the guy real much, I says um, 'I give you one year. If you want to work in the store, you got to quit gambling. You got to work as hard as I work. You sleep in back of the store. You only take out of the register what you need to eat. That's it.'
>
> He says, 'Agreed.'
>
> I said, 'There's one other stipulation. I got everything I own in the store. I want all of your assets in this cash register. Empty your pockets.' So he emptied his pockets, he pulled out some coins.
>
> He said, 'Just a minute.' He went to his car, he got a jar of pennies, and put it in there. That was his assets (interview 6).

This job led to a partnership in Harry's business one year later. Barry went on to start at least five other businesses. He generally sold his interest in these businesses after accumulating large personal debts, but the businesses he left behind were often successful. Other Gardena network members have been employers of last resort for other railbirds. Just as in the case of Barry, these people learned the book trade as employees. They later opened bookstores, something they would never have anticipated a few years earlier.

The culture of mutual assistance extends beyond the cardroom. Pete, a particularly gregarious poker player in the Gardena network, went on to become an activist in Gamblers Anonymous. Typically, a condition of employment in his store was participation in a twelve-step programme, but this was not always the case. A number of these railbird employees went on to start their own stores. In some cases Pete even lent them money and helped them locate libraries to get started.

In addition to the literal railbirds of the Gardena book network, there are also the railbird-entrepreneurs. These are people who, having acquired considerable expertise in the book trade, for one reason or another (typically more serious involvement with gambling) have fallen out of the book trade. Once busted, they, like their literal counterpart, look for a way to get back into the game, but in this case the game is the book trade. This is the way Pete originally got started in the book business:

> One day I was driving down the street, and then someone pulls up alongside me and it happened to be Harry – by accident – this happened to be in Gardena and he waved me over and I pulled over and he said, how would you like to go into the book business? So I said, well that sounds like a pretty good deal. I said but what do I have to do? I didn't know anything about books at the time. I knew absolutely nothing. I'm not sure Harry knew a whole lot more. He said we need the capital to get started, and I didn't have any money, but I managed to borrow money from my mother-in-law (interview 2).

In searching for capital and business partners, railbird entrepreneurs often recruit non-poker players. These might include relatives, former customers, or former employers:

> Barry was an employee of mine in the collection agency business ... [that] went bankrupt. So Barry was out of a job and he said why don't we open up a bookstore. I said number one, I don't know anything about the business ... So he said well you're a natural for it. That's what he said. So I said. We don't have any books. But he had a small collection of science fiction books ... All we had were a few science fiction books (interview 12).

While the railbird entrepreneurs in the Gardena network are opportunists, they by no means seek to milk or take advantage of partners less knowledgeable about books. In the above case, the business was not a success. However, rather than abandoning his partner, Barry secured employment for his him in another Gardena network bookstore. This person, in turn, teamed up with yet another railbird-entrepreneur a year later to open a very successful bookstore now in its thirteenth year of business.

Scouts

Book scouts have been features of the used book trade for as long as bookstores catered to the general public (Everitt, 1952). They tend to occupy the lowest rung of the industry, where books begin their trek to an appropriate market niche by being bought and sold and resold. Harry Schwartz, a long time book seller, evokes this image when he describes his first encounter with a book scout:

> One day I was walking on Second Avenue, when I noticed a grimy fellow descend into a cellar under the sidewalk with an armful from a push-cart, and was about to descend again, when I asked him if the books were for sale. He said they were and motioned me to follow him into his crypt. There were thousands of books in that basement but it was difficult to examine them. The old bookman was a scout who sold primarily to dealers. He spend his days picking over the junk in old furniture stores, warehouses, auctions, etc. and bought what seemed saleable. What he didn't sell immediately he stored in his cellar (Schwartz, 1977, p. 29).

Even in the Gardena book network, scouts are held in some disregard, typically characterised as 'Guys who don't want to work, who just go around to garage sales and buy stuff, books and other stuff' (interview 6). In the Gardena network, scouts are those book people who do not want to or are unable to handle the responsibility of operating a storefront. As dysfunctional as they might be in other social contexts, they work incredibly hard to get good books. Moreover, many are equally adept at working the cardrooms and storefronts to hawk their goods. Indeed, despite their low social standing, scouts serve an important role in the Gardena book network as educators of neophyte book dealers and suppliers to bookstores within and outside of the network.

For instance, a scout is credited with providing the initial education that enabled Merchandiser Brothers to make the successful transition to the antiquarian book trade. In a self-serving gesture, he would bring price guides to justify higher prices for the books he was selling. His goal was to teach the brothers that 'a book is not just a book'.

> Jack walked in from the street ... He introduced himself as a book scout and we had never heard of

> the term before. But he explained what he did ... basically the same thing as us ... going to rummage sales, garage sales ... whatever he bought he would try to make some money from it ... very selective ... Not like us ... so he gave insight as to what these books were worth ... and we started to trust him as to what these books were worth ... although we were no longer paying a nickel (interview 11).

Scouts taught more than just book sense. Many provided business tips, some of which would raise ethical concerns outside of the network:

> [He taught me how] to clip the book clubs and make them look [like standard books] ... how to mix them in with your stacks so that people who didn't know [they were book club editions] would buy them, and that sort of thing. And also you know pricing, basic pricing more or less junk stuff. Because he would come in and we'd talk about every load he brought, he would haggle about stuff he brought in, and I would learn stuff that way from him. Just about buying run-of-the mill type books. I also learned a little bit about book scouting from him. How you go out and scout for books. Of course, I didn't learn how to bribe thrift stores to get a first crack at the books (interview 8).

Though scouts can be important educators of neophyte booksellers, their primary function is to supply books to storefront sellers. On occasion the initial inventory of the new start-ups came from book scouts. More commonly, they are a steady source of books that save entrepreneurs the considerable time required to visit thrift shops and to frequent garage sales. In this sense, scouts have to be understood in the larger context of the symbiotic supplier/retail relations in which books 'go from publisher to bookseller to customer to junk man to scout to dealer to dealer to dealer ... to customer, and sometimes to the one or two per cent of the libraries where the librarian knows what he's doing' (Everitt, 1952, p. 118).

The relationship between scouts who gambled and independent booksellers in the Gardena network is one of mutual understanding and convenience. Gamblers understand the need for quick cash and scouts understand the willingness of independent booksellers to seize opportunities to buy books. Also, the occupation of a scout is quite compatible with the life style of a gambler. For a well-connected and experienced scout, his personal inventory of books is a liquid asset, which in some ways is better than cash. The books could be liquidated when needed, but they were not so liquid that he could lose his entire equity through poor money management at the card table. One scout would call a storefront owner in the network from Las Vegas when he ran short of money. Over the phone, he would specify which books he would want to sell and their precise location in his apartment. The storeowner, who had a key to his apartment and knew the routine, would go the apartment, pick up the books and wire the money to Las Vegas.

Independent Booksellers

Railbirds and scouts perform important roles in the Gardena independent book network – the former as both a source of inexpensive labour and partner in new business ventures; the latter as educator of neophyte booksellers and supplier of books. The norms of Gardena cardrooms bind them. This is revealed in the negotiating strategies of independent booksellers and the meta-rules guiding business relations among entrepreneurs in the network and between network members and the outside world.

In poker, good card sense is necessary for successful play. Players continually make mental calculations on the odds of drawing into particular hands and weigh these against the number of hands still in the game and the cards already drawn. Similarly, in the book trade, good book sense, knowing the commercial value of a vast range of titles, is essential. Bookstore entrepreneurs continuously assess the odds of being able to sell books being offered for purchase. In buying books, network members use odds in setting prices by treating required mark-ups as a function of the probability of selling a given book within a specified time period. The more likely a book is to sell quickly, the lower will be the required mark-up and the more the bookstore will pay as percentage of the final selling price. Lanny, a network member who does not play poker but who learned the trade from a poker player, describes the calculation:

> Well, I kind of look at it like gambling. I put odds on it. If I know I can sell it tomorrow, I'll do 50 per cent. Or if I know it's going to sit on my shelf for three, four months, I'll do a three to one mark-up. If it's going to be on my shelf for ten years, I'll put a 100 to 1 markup. And that's basically what I do (interview 4).

Jake and Hanna, two other non-gamblers in the poker network, described the process of setting odds in much the same way:

> I use the same strategy Barry taught me. Because you keep books for so long that don't sell, you have to go with a 4 to 1 mark up … A good art book I'll pay a third to a half because it'll move fast. And that's the general rule to buying books (interview 12).

> You are gambling by investing in something that you hope is going to bring you a big return. And the funny thing is I am most unlike any of the others. I am not a gambler (interview 15).

Of course, card sense is only a precondition for success. Playing the player is an essential part of the game. The same is true in the book trade book where book sense is only a necessary but insufficient condition to success. In buying and selling books, a book dealer must be able to close the deal successfully. In the Gardena book network, as in the cardroom, hard bargaining dominates. Qualifying players, bluffing, and intimidation are among the techniques used in both the card room and book transactions:

> In a poker hand, you're always trying to pretend that you have a better hand when you have lousy hand, and you are always trying to pretend you have a lousy hand when you have a better hand. That's the nature of the beast. That's the same thing in the book business. You are always trying to pretend that the books you're buying are lousy stuff … Pete, for example, is a master of that. He always starts off. The first thing he does is when he looks at anybody's books, 'This is a bunch of junk.' He uses words like 'junk', 'crap'. 'This is crap.' 'This is nonsense.' No matter what the books are. That's the way he starts off buying books. To set up the person, basically to instill in his mind that he has nothing but crap here … And then the other way, when you are trying to sell something, you try to tell the guy he that he getting the greatest thing in the world. This is something he won't find everywhere. You use things like 'scarce', 'hard-to-get', 'hard-to-find', 'very hard book to pick up', 'great book to buy', 'good buy', you know all these positive things when you're selling. Just the opposite. That's the same thing you do when you have a poker hand. Sell a bad hand (interview 8).

Within this general strategy a number of specific techniques are used. 'Not tipping one's hand' has a literal and figurative meaning in poker. In the book trade, it has meaning as well. When purchasing books from the public or other bookstores, buyers try not to indicate when they find a 'sleeper' among a pile of ordinary stock items. One railbird employee described how he learned this lesson.

> I went on a buy [with Bob]. He looked through them all and he says to the guy: 'I'll give you 20 bucks for the whole lot,' and he gives him 20 bucks. I couldn't figure it out why he bought the junk until we got back. [Then, he] showed me this one book that was worth 500 dollars. I said, 'Well then why did you buy them all?' He says, 'Well if I'd have picked out one book out of three boxes … The guy would have thought he had something we were dying for and we wouldn't have got the deal we did.' Well, that was a pretty big lesson in itself … I learned that people will think that you only pick out the cream of the crop when you're a book buyer and they don't think they have as much worth when you buy the whole lot. No matter what the offer is … people think it's too low. So I learned not to separate the books and don't touch the books, put the book back exactly where you found it. Look at all the books. Don't let them know you are interested in any particular book. Maybe I'll say. I'll give you a buck a book. Or ask if I can pick out 100. But don't pick them out, before you close the deal (interview 2).

In poker, every game is an information game in which each player seeks to uncover the styles, experience, and financial position of other players (Lyman and Scott, 1970). Recognising this, players in the Gardena network seek information about unknown players, and share information within friendship groups. The same is true in the book trade, where qualifying buyers and sellers is an essential task. Buyers try to gain leverage by assessing what the seller knows about books. They routinely ask: 'Whose books are these?' When the seller responds that the books were 'found in an attic', 'left by a roommate', or 'inherited', this is a signal that the seller does not likely know their value and is anxious to simply get rid of them. This shifts power to the buyer, who may make a low-ball offer. By contrast, when selling their own books, sellers may be less likely to accept a low offer. In this case, the buyer must make a higher offer to close the purchase. On the selling side, information is important for finding out what someone is interested in 'to raise the price up a little bit' (interview 4).

Gardena network booksellers also use intimidation both in the cardrooms and in commerce. 'Insults in poker games may ... have the intended or unintended effect of changing, destroying, or weakening opponents, thereby making them more likely to commit errors or begin steaming' (Hayano, 1982, p. 52). Intimidation might be used to loosen up tight players (those who are conservative with their money) or just to change players' strategy – to make a good player bad, a bad player worse. Intimidation can be used much the same way in book trades. Characterising books as 'junk', and 'crap', and combining them with body language conveying the same meaning not only serves to lower expectations, but also causes a seller to lose confidence. Conversely, an early lesson for new booksellers in the network is learning not to be intimidated: 'Barry taught me how to not be intimidated by the book, the customer or the person selling the books. He taught me how to take a thousand dollar book, look someone in the eye and offer them twenty dollars for it. He would tell stories of doing just that' (interview 4).

Beyond the tactics used in individual transactions, there are certain meta-game norms. Working a 'live one' means to play with an amateur who has a bankroll. In the card room, there is nothing unethical about this. When someone plays the game with inferior skills, they do so at their own peril. Similarly, even when someone from Gardena enters the book business, they have to take their lumps until they learn the business. As in the cardroom, other Gardena network members do not hesitate to take advantage of these situations:

> We were in a draw game one day [in 1986], and I was winning and [Barry] was losing, and he got stuck you know three, four, five hundred dollars ... I had cash money on me, and he knew I was in books, and he ran back to his car, and he comes back with in about a half dozen books, that looked really nice ... One of them was by William Dean Howells ... And he said what do you think this book is worth. And I said, hell, I don't know ... He said he was a big time, literature, contemporary of Mark Twain's ... So he shows me the Van-Allen Bradley [price guide] while I'm playing cards and it shows the same book ... it says around twelve hundred dollars, that was the value of the book. He said he needed money really badly and he would sell me that book for $200 ... So we go on talking and I pay him and I go home, and I call Harry up and I said 'I got this great book that I just bought. Have you ever heard of William Dean Howell?' and he said: 'Sure I have, it's garbage.' I said, 'What do you mean garbage?' I had a real lesson here: in the 1960s and 1970s, there were maybe people who paid $1,200 at an auction, but apparently all his collectors are dead, so now the book just depreciated and nobody in this market really wants this book (interview 8).

More frequently, experienced book dealers in the network cream the inventory of less skilled and less experienced sellers:

> About every three or four, five, six months the crunch would come down on me through my gambling or whatever I was doing, and I would always need money ... So I would put up a 25 or 50 per cent sale off and bing bang and here would come Pete and Dan and some of these other guys. They would come over immediately and grab my good books and leave the store. So by the time the sale was over, I realised that all my good books were sold at fifty per cent, and I was left with junk. So I was even hurting worse than before I had the sale (interview 8).

In the midst of this hyper-competition, there is also mutual assistance. Members of the network rely on other network members for education, just as is they do in the cardroom. Although there is a widely recognised rule 'not to educate losers at the table', this rule does not suggest that friends don't educate friends. Tips about card and people sense are exchanged freely among friendship groups (though not at the table). Similarly, independent booksellers in the Gardena network are parsimonious with the business insights when dealing with independent booksellers outside of their network. The same is not true, however, within the network. Mutual assistance in pricing and buying books is freely provided when another network member requests it. Of course, such help is not offered when an experienced seller is creaming someone else's inventory.

Whether a current or former regular at Gardena, network members share a common bond forged through common experience. The cards sometimes run bad, and the outside world is unsympathetic at best and, at its worst, can be hostile. In the cardroom, at least, the rules are understood, and these rules work fine in the daily operation of the Gardena book network: 'The ethics of card playing is that you don't cheat. Anything else is OK. In poker, it is OK to lie ... not only is OK it is an absolute must if you intend to survive ...

Actually, the ethics are the same. There is a hairline between cheating and just using your wits to make money. And that's a good parallel between playing a hand of poker and playing a book deal' (interview 8). Gardena network members come close to that line, but they usually do not cross it.

Conclusions

The experiences of entrepreneurs affiliated with the Gardena book network provide a substantive basis for expanding our understanding of the new business formation. In this case, the social community has played a central role in both the diffusion of new business ideas and in the daily operation of these new ventures. For some entrepreneurs, interest in the book trade predates their affiliation with the Gardena book network. For the majority, however, this affiliation is primary and they would not have entered the book trade was it not for their membership in the network.

The enduring character of these ventures confirms that for these entrepreneurs self-employment is not a last resort, but rather is a choice, which most had wished they discovered long before. For these entrepreneurs, self-employment is more than a livelihood, it is a means through which they have established financial security and have found personal fulfilment. For many in the Gardena book network, self-employment has been the difference between life on the social and economic fringes of society and life in the social and economic mainstream. While some Gardena book network members have abandoned self-employment and have faded into the cardroom, most have found a stable place in the book industry where they can realise aspirations missing from their lives in bureaucratic employment relations.

The Gardena book network may be unique in its evolution, but the social embeddedness of its economic activity is not unique. Social and familial networks often provide the means and the inspiration for entrepreneurial ventures. How the norms of these networks are expressed and integrated into the multiple relationships that characterise unemployment is a question that can only be answered by the participants themselves. The challenge for researchers is to find a means to begin a dialogue with these enterprising individuals so that we can better understand the social processes leading to the successful launch and operation of new business ventures.

Author

Marc Weinstein is assistant professor of management at the Lundquist College of Business, University of Oregon. He currently is working on a project investigating the role of social communities in the formation and operation of new entrepreneurial ventures. His other research interests include the process of institutional change in the transition economies of Central Europe. His publications have appeared in the *British Journal of Industrial Relations* and *East European Politics and Society*. Professor Weinstein is a graduate of the Sloan School of Management at the Massachusetts Institute of Technology.

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ON METAPHORS, MARKETING AND MARRIAGE

Caroline Tynan

Metaphors shape and structure our thoughts and thus govern our accepted view of the world. They are one of a number of tropes (figurative uses of a word) which allow us to clearly communicate ideas in an interesting fashion. Metaphors also allow us to view a problem in a new way through the juxtaposition of ideas, a process which can be enabling and creative in conceptualising and theorising.

This article reflects upon the nature and role of metaphors and offers guidance upon their use. It then critically examines the use of metaphors in marketing, finally considering that of marriage in relationship marketing. It is argued that marriage has become a dormant metaphor which has artificially constrained our conceptualising in this field and become a substitute for thinking.

Introduction

Metaphors are important in both our everyday and our academic life. They are pervasive in that they shape our thoughts, our view of the world and therefore our actions. Our everyday conversations are riddled with metaphor as we 'build' a case, 'butter up' the boss, compete 'neck and neck' with our rivals, 'polish off' our bottle of wine and worry about 'throwing the baby out with the bath water'. Zaltman (1996, p. 14) maintains that we use 'on average nearly six metaphors per minute of speech'. This extensive use of metaphor extends to marketing when we 'launch' a new product, describe a product as a 'cash cow', or watch the adoption of our innovative new service 'diffuse', or 'percolate' as Winsor (1995) would have it, across a market. We also use them as an aid to thinking, as a way of creatively visioning, to help us conceptualise a research problem in a new way. This helpful device allows us to communicate ideas with clarity, and in a manner which contrives to add interest through the juxtaposition of ideas. Stern (1988) notes that the language of metaphor has long been valued, as the philosopher Aristotle's postulation of a link between literary genius and a command of metaphor indicates: 'But the greatest thing by far is to have a command of metaphors ... it is the mark of genius' (Fergusson, 1961, p. 104). Subsequently Winston Churchill noted:

> How infinite ... is the debt owed to metaphors by politicians who wish to speak strongly but are not sure what they are going to say.

As this wily politician implicitly recognised, 'there is true power behind metaphors to shape reality and structure the thoughts of people' (Kendall and Kendall, 1993, p. 149). Fowler (1968, p. 359) comments that it is the potential to 'illumine and vivify' the subject, that is a great advantage that the use of metaphors can confer upon the author and perhaps accounts for their continuing popularity.

According to Zaltman et al. (1982, p. 170) 'there are probably few areas of inquiry in the social sciences that rely on metaphor to the degree marketing does'. They are widely used and widespread. However, in spite of their extensive adoption within the discipline of marketing there is little in the marketing literature that promotes an understanding of their nature, use and inherent limitations. In the words of Rindfleisch (1996, p. 9), 'Marketing theorists have paid too little attention to the metaphorical assumptions that underlie their standard world views'. The metaphor of marriage is one of the key metaphors in marketing according to Hunt and Menon (1995). Its seductive and pervasive nature has persuaded the academy of its universal applicability in relationship marketing, to the extent that the use of the language and examples drawn from close interpersonal relationships are barely questioned. The marriage metaphor has become so pervasive in marketing thought that it is scarcely recognised as a metaphor. Van den Bulte has admonished the marketing academy for its uncritical use of metaphor: 'Since marketing is replete with meta-

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phors taken from other spheres, and unexamined metaphors are a substitute for thinking and a threat to science, we can improve our field by being more critical of our existing metaphors and more conscious in picking up new metaphors' (1994, p. 491). Therefore, in an attempt to address some of these issues, this article explores the metaphorical assumptions that underpin what has become a standard worldview of relationship marketing.

In order to address this issue, this article aims to: (1) reflect upon the nature and role of metaphors; (2) offer guidance on the use of metaphors; and (3) critically examine the use of metaphors in marketing, particularly the use of the marriage metaphor in relationship marketing. It has been written with a number of readers in mind. These include theoreticians within the wider field of marketing who will want to utilise and to evaluate metaphors in their studies. Secondly, it applies to practitioners who may wish to consider the use of metaphor, particularly that of marriage in relationship marketing, as a method of communication within their business and the extended business community. Finally it addresses students who need to be in a position to recognise and assess the multiple metaphors currently in use within our discipline.

Understanding Metaphors

Lakoff and Johnson (1980, p. 1) remark that, 'the metaphor is pervasive in everyday life, not just in language but in thought and action'. That is, the human conceptual system is innately metaphorical. For example, we use metaphors in everyday life to structure and define our conceptual system and thus our daily realities. We use metaphor to structure 'less concrete and inherently vague concepts' (Van den Bulte, 1994, p. 408) in terms of those of which we have a clear understanding which is based upon our own experience (Johnson, 1987; Lakoff and Johnson, 1980). For example, we commonly hear universities described as 'ivory towers', consider that a poor presentation 'sank without trace', 'run out of steam' at the end of a busy day, 'brush up' a second language or plan to 'push the boat out' for the millennium celebration. Similarly, poetry and prose are replete with metaphor; for example, to Rabbie Burns, 'my love is like a red, red, rose', while Melville's whaleship on his search for Moby Dick was his Yale College and his Harvard!

The Nature of Metaphor

A metaphor is one of a number of tropes, or figurative uses of a word, which include metonymy, irony and synecdoche (Burke, 1969). According to *The Concise Oxford Dictionary* (1995) metaphor is 'the application of a name or descriptive term or phrase to an object or action to which it is imaginatively but not literally applicable'. It derives from the Greek word 'metapherein' which means to transfer or to carry over (Hunt and Menon, 1995). Hence metaphorical reasoning involves 'the transfer of relational information from a domain that already exists in memory (usually referred to as source or base domain) to the domain to be explained (referred to as the target domain)' (Van den Bulte, 1994, p. 408). That is, we use something with which we are all familiar to portray something which is less familiar. In contrasting these two objects, the dissimilarities and differences are illuminated while paradoxically the considerable similarities are also highlighted (Weaver in Kendall and Kendall, 1993). Interestingly, the power of the metaphor relies on the meaning supplied by the receiver to the inherent contradiction of the metaphor. While the general comparison is set by the author's choice of metaphor, it is the insight and experience that the receiver brings to bear on this comparison that fleshes it out. It is the interaction of the receiver and metaphor that brings the comparison to life. Lakoff (1987, p. 51) has noted that metaphors are not pre-defined objects but rather that they depend on 'the way [the receivers] perceive them, image them, organise information about them, and behave towards them'.

How Metaphors Work

The essence of a metaphor is experiencing and contemplating one thing in terms of another. So, for example, if we consider 'argument' (the target domain) in terms of 'war' (the source domain) then that constrains the language we use to describe the argument, the way we conceive its likely progress and the form of the argument. We speak of 'marshalling' our argument, holding 'our position', 'attacking' every point, being right 'on target' or being 'wiped out' by our 'opponent's onslaught'. Thus the whole debate is coloured by the aggression, strategy and necessity to 'fight to the bitter end' normally associated with war. Contrast this with the perspective we would hold if we considered 'argument' in terms of 'a dance'. This would offer entirely different language to indicate participation, co-operation, skill and balance employed to achieve an aesthetically pleasing outcome (Lakoff and Johnson, 1980). This pleasant and timely negotiation to build a symmetrical outcome for those involved conjures an entirely different picture of the argument, its likely progress and final outcome. Additionally we could further conjecture the differences in argument conveyed when comparing it to different styles of dance, for example a stately minuet, a seductive tango or even a 'wicked' rave.

Classifying Metaphors

A useful summation of the characteristics of metaphors is offered by Rindfleisch (1996, p. 4) who indicates that they are 'fundamental, instrumental, systematic, partial, experiential, and able to shape both thought and action'. They are *fundamental* in that our language and much of our conceptual system is 'metaphorically structured and defined' (Lakoff and Johnson, 1980, p. 6). Thus our thinking and actions are affected by the metaphor. Metaphors are *instrumental* in that they lead to enhanced understanding and improved communication, especially in portraying difficult and abstract concepts. They are easier and quicker than literal explanation and can frequently offer surprising insights. Metaphors are *systematic*, transferring whole domains of experience from a source to a target rather then merely representing individual or isolated concepts. Metaphors are *partial* because they highlight some facets of the similarity between the source and domain while hiding others. If it were not for this partiality then one concept would be the other and a comparison would lead to no fresh understanding or insight. Metaphors are *grounded in experience* so that the author and receiver can share a broadly common understanding of the source domain. Metaphors *shape our thoughts and actions* in that they create a new reality. Thus those who accept 'time is money' may respond by espousing time management practices, while ignoring the problem that, inevitably, they have no more of this scarce resource than other less organised individuals do.

Van den Bulte (1994) usefully classifies metaphors into four different types:

- *Core metaphors* are a 'basic presuppositional insight' which undergird an entire school of thought. In marketing, an example of this might be the *markets as networks* perspective of the Industrial Marketing and Purchasing (IMP) Group (see, for example, Ford et al., 1988 and Ford, 1997 for overviews);
- *Theory constitutive metaphors* (Boyd, 1979) serve as 'fundamental presuppositions underlying specific theories or attempts to theorise'. We could include the product life cycle and the family life cycle metaphors within this category;
- *Literary metaphors* are used to convey a message vividly and memorably as with 'marketing myopia' or 'strategic windows', but do not have the theoretical scope of core or theory constitutive metaphors;
- *Conveyance metaphors* (MacCormac, 1985) similarly do not have the theoretical scope of the first two types, nor are they as visible as literary metaphors. These are the 'metaphors marketers live by' which have become so commonplace that we have forgotten that they are metaphors at all. In this category we could include the marketing 'mix', the 'launch' of a new innovative product and its subsequent 'diffusion' through the market.

Using Metaphors

There is little agreement in the literature on the 'rules' guiding metaphor use. One such rule advocates the adoption of metaphors which are internally consistent (Palmer and Dunford, 1996) as inconsistent metaphors will confuse and mislead the receiver. Doving (1994) identified three errors which need to be avoided in using metaphors. These concern the over-extension of a metaphor when applied to the target domain, the choice of an inappropriate metaphor because of the lack of commonality between the source and target domain, and finally the error of redundancy which occurs when the source and target domain are so similar that the metaphor has limited utility. These four 'rules' probably represent a minimalist approach to avoiding some of the worst difficulties in the use of metaphor, but they in no way constitute a comprehensive practitioners' code.

Guidance in the use of metaphors within the marketing literature is sparse. However, the important issues to be considered in using metaphor effectively include the selection of an appropriate metaphor, understanding the limitations of metaphors and the ability to recognise a dormant metaphor. I now consider these in order.

Selecting an Appropriate Metaphor

Metaphors are important to us as academics in that they allow us to reconsider and recast a research puzzle in an entirely new way. The ability to contemplate creatively, without the straight-jacket of pre-existing dogma, leads to new insights. 'Since observation presupposes conceptualisation and what we see depends to some extent on what we expect to see, it is extremely difficult to develop fundamentally new concepts. In order to escape this Catch 22, we all grow up using metaphors, thinking of one thing in terms of something else' (Van den Bulte, 1994, p. 407). These 'useful fictions' (Whitehead, 1925) are a form of creative and constructive falsehood which facilitates the liberation of the imagination (Morgan, 1980). According to Brown and Turley (1997, p. 8), metaphors are 'now considered central to creativity, innovation and outstanding human accomplishment, in both scientific and artistic arenas'. Consideration of the research problem through metaphor develops a 'field of secondary and tertiary resonances, contrasts, and comparisons that do not merely describe, but also reconstruct and transform the original material' (Mirowski, 1988, p. 136). It allows us, as researchers, to develop new understanding, creatively conceptualise the area of study and evolve an insightful understanding. It allows us to extend beyond the '... ordinary literal ways of thinking and talking into the range of what is called figurative, poetic, colourful or fanciful thought and language. Thus if ideas are objects, we can dress them up in fancy clothes, juggle them, line them up nice and neat ...' (Lakoff and Johnson, 1980, p. 30). In short, we can use them as 'mind stretchers' (Van den Bulte, 1994, p. 408).

Some Limitations of Metaphors

Metaphorical reasoning involves the transfer of information from one domain in our memory (the source domain) to the domain we are attempting to explain (the target domain). Van den Bulte advises that for the metaphor to be effective it is essential 'that the domains be conceptually different. That is, a metaphor is a between-domain analogy in contrast to a literal or within-domain analogy' (1994, p. 408). Thus, it seems that the choice of metaphor is crucial in that it represents a judgement as to which are the most important features that are demonstrated by its application to the situation under study.

However, we should also recognise that the use of metaphor is subject to certain limitations. By its very nature, a metaphor illuminates some aspects of a phenomenon and conceals others. To be effective, the choice of metaphor for the subject under consideration must therefore be apposite. Domains which are completely dissimilar will generate nonsensical or weak imagery, while ideally those with some overlap but which maintain a significant degree of difference between domains will generate the most illuminating comparisons. The creative potential depends on the degree of difference between the source and target domains. An example will serve to illustrate this quite powerfully. In describing a choirboy as singing 'like an angel' the impression is created of an innocent and cherubic young treble, singing in perfect pitch, probably in the setting of a beautiful medieval cathedral or church. By inference, this metaphor suggests that the chorister possesses these attributes in his choral endeavours. The use of this metaphor required that other assumed attributes of an angel, including its proximity to God, white feathered wings and dazzling radiance, be ignored in order to emphasise the characteristics which the choirboy and angel share. Yet other features of the choirboy may be completely obscured by the use of this metaphor. For example, we may never 'see' his dirty knees, tousled hair, the socks falling around his ankles and the catapult in his back pocket, or consider his proclivity for the anti-social pursuits of tormenting his siblings, breaking windows and scrumping apples. Therefore, it is evident that any metaphor represents a partial truth as it 'always emphasises some aspects, de-emphasises others, and hides still others' (Van den Bulte, 1994, p. 413).

Identifying and Rejuvenating the Dormant Metaphor

While I agree with Byron that 'I hate to hunt down a tired metaphor' (*The Dream*), the metaphor which has been absorbed into the language so that it is no longer recognised as a metaphor no longer makes a contribution, it merely causes confusion. According to Van den Bulte (1994, p. 417), 'After long and repeated use, a metaphor may become so hackneyed that people forget it is a metaphor, and sublimate its relationship with reality'. This means that the use of an extinct or dormant metaphor serves to close our mind to the creative paradox inherent within it, rather than to act as a mental stimulus. In effect the dormant metaphor no longer provokes.

However, once a dormant metaphor has been recognised it may be possible to revive and revitalise it. One approach is to flex the metaphor and ensure that all the implications embedded in a metaphor are fully explored. Thus the dogs and cash cows in the Boston Consulting Group's growth share matrix do not just provide dogs to be 'kicked out' and cows to be 'milked' as was originally postulated. If we think more thoroughly about the metaphor we could see dogs as man's best friend giving unquestioning loyal service and cows as the generators of many offspring. Thus we would be less likely to have 'shot' the loyal dog in markets where they were cash generators, or simply milked the cows rather than used them to 'breed' brand extensions in low growth markets (Van den Bulte, 1994).

Metaphors in Marketing

Within the field of marketing our history as a discipline offers a further reason for re-evaluating the metaphors we adopt, in that metaphors play a 'pervasive and essential role in marketing' (Van den Bulte, 1994, p. 460). As Arndt (1985) outlines, various paradigmatic perspectives within marketing are riddled with metaphors, including marketing warfare, the organism and spaceship earth, among others. Key conceptual developments in the discipline are associated with particular metaphors. For example in service marketing, Fisk et al.'s (1993) use of the evolutionary metaphor to clarify and interpret the development of the discipline, and Bitner's use of the 'servicescape' metaphor (1992) to explore the impact of physical surroundings on customers and employees in service delivery have substantially impacted upon the way the field is conceptualised by the academy. Zaltman (1996) has even developed a patented consumer research process to help elicit deep thoughts and feelings, which is predicated upon the use of metaphors. Furthermore, an examination of the current marketing literature confirms the continuing popularity of the metaphor across the discipline. Recently it has been utilised by Holt (1995) in his portrayal of how people consume, by Desmond (1997) in his consideration of the feminisation of marketing, by McWilliam and Dumas (1997) in their work on new brand design, by Reidenbach and Robin (1991) in their examination of the neglect of the study of ethics within marketing and by O'Malley and Patterson (1988) in their review of the marketing mix management paradigm.

At one extreme, the work of the new post-modern consumer researchers as epitomised by the collected works in Brown and Turley (1997) has metaphor woven into its warp and weft. This volume, which comes 'from the constantly shifting perimeter fence of consumption' (Brown and Turley, 1997, p. 12), resonates with a vibrant, iconoclastic and whimsical use of metaphors which range from postcards, a journey or perhaps an odyssey via straightjackets to the final edge (death). What is most interesting about these recent examples of metaphor in the consumer behaviour literature is that the use of metaphor is overt, and employed in a playful, perceptive, perspicacious and persuasive manner.

Advertising practitioners are experts in the use of metaphor and therefore advertising is redolent with metaphor. As consumers, we have no difficulty in understanding the metaphors encapsulated in the strapline 'Put a tiger in your tank' or in the personification of the Scottish widow which appears in advertisements for the pension market.

It is clear that metaphors are important and widely used in marketing and that we, as members of the marketing academy, should develop a fuller understanding of the way in which this device shapes our thoughts and view of the world. Given the importance of the marriage metaphor within the new paradigm of relationship marketing, it seems appropriate to consider its continued utility.

The Marriage Metaphor in Relationship Marketing

Relationship marketing has become the fashionable new topic. It is a subject of interest to practitioners and academics alike and as such is the subject of many books, papers, conferences and training courses. To some it is the 'new paradigm' (Grönroos, 1994), one which is, arguably, invigorating a discipline suffering from its mid-life crisis. Currently its presence seems all-pervasive, but perhaps it is transient, as some have hinted when describing it as the 'flavour of the month' (Barnes, 1994). Whatever its future may prove to be, this new worldview of marketing is worthy of further study to enable its development into a general theory of marketing.

In spite of the strategic importance of relationship marketing (RM), there is a dichotomy emerging between the practitioners and academics in their view of this topic and its legitimate domain. While academics attempt to define its nature and scope (see Grönroos, 1994, or Moller and Halinen-Kaila, 1988 for overviews), making much of the differences between RM in business-to-business, service and consumer markets, many practitioners use the term loosely to describe any activity which enhances repeat sales. This is particularly evident in consumer markets. Approaches encompass customer loyalty and customer relationship management programmes built on sophisticated database management and data merging techniques to develop 'segments of one' constructed upon details of the trading history of that particular customer (Copulsky and Wolf, 1990; Petrison and Wang, 1993; Stone et al., 1996). Issues of privacy (O'Malley et al., 1997) and the lack of trust and power symmetry in such interactions between relationship partners are routinely ignored on the questionable basis that this is *a relationship* and, as we all know from personal experience, many interpersonal relationships have been known to survive such difficulties.

Our vast store of experiences of relationships means that this metaphor can be all things to all people. We all can, and do, identify with it. Unfortunately there is little evidence that we are experiencing the same thing or ascribing the same attributes to the relationship. One of the cornerstones of this flexible view of relationships is the use of Levitt's marriage metaphor (Tynan, 1997) to conceptualise relationship marketing. In introducing the marriage metaphor, Levitt (1983, p. 111) comments that the 'sale merely consummates the courtship', after which 'the marriage begins'. Since its introduction, the marriage analogy has been widely cited in the relationship marketing literature (cf. Dwyer et al., 1987; Perrien et al., 1996), with famous authors including Leonard Berry, Barbara Jackson, Theodore Levitt and A. Parasuraman recommending 'that marketers treat their long-standing relationships with key customers as "marriages"' (Hunt and Morgan, 1995). Hunt and Monon (1995) describe the marriage metaphor as one of the 'key metaphors in marketing' in their examination of competitive advantage. As this metaphor underlies the academy's 'standard worldview' of relationship marketing it is important to understand the metaphorical assumptions which underlie it. Therefore, this paper critically reviews this important and influential metaphor and explores the implications of its widespread adoption and the excessive familiarity which has resulted in its status as an 'unquestioned truth'. It will also raise the question of whether marriage in relationship marketing is a metaphor which has been confounded with reality.

Discussion

The marriage metaphor in marketing is a theoretical metaphor according to Hunt and Menon (1995). It is not a literary metaphor because it lacks visibility, nor a conveyance metaphor because of its extensive theoretical scope. Within the more detailed classification of theoretical metaphors offered by Van den Bulte (1994, p. 406) it is a 'theory constitutive metaphor' rather than a core metaphor, that is a metaphor that serves as 'fundamental presuppositions underlying specific theories or attempts to theorise'. Therefore, this is an important metaphor for the marketing academy. Its widespread acceptance and promulgation has substantial impact in that it affects the way that we conceptualise and operationalise relationship marketing.

Hunt and Menon (1995) examined the source, ontology, concepts, theories and values associated with the marriage metaphor and developed the analysis presented below. It offers a rich and heterogeneous list of underpinning associations for the transfer of ideas and meaning. Thus by applying the metaphor of marriage to a commercial exchange relationship there is the metaphoric assumption that the values associated with marriage are shared by the exchange partners. Within a successful marriage (and only successful marriages are metaphorically considered) there is the assumption of love, affection

Table 1 **Dimensions of Metaphoric Transfer for the Marriage Metaphor**

Source	*Ontology*	*Concepts*	*Theories*	*Values*
Sociology Home economics	Spouses, family, households, children, orphans, relatives, step-relatives, fathers, mothers, sister, brother, neighbours, marriage, marriage counsellors	Kinship, relationship, trust, reproduction, partners, divorce, extramarital affairs, alimony, child support	Marital theory	Commitment, love, harmony, financial security and procreation

Source: Hunt and Menon (1995), p. 84.

and emotional support, of fidelity, commitment, mutuality, trust, empathy, intimacy, sharing and the ownership in common of all assets. Marriage partners are understood to live in harmony, with shared financial security, in a relationship that develops and expands as the family increases in size. While these implied values, paradoxically, offer some notion of the values shared between relationship partners in an exchange relationship, they are generally far in excess of those that are manifest.

As the discussion earlier in this paper established, the use of any metaphor emphasises some issues, de-emphasises others and hides still others. Taking these in turn, the use of the marriage metaphors in relationship marketing serves to over-emphasise commitment, trust, fidelity, affection and closeness in a life-long relationship. Equally it de-emphasises the lack of consumer contact in many consumer market relationships, the lack of ownership of assets in common, the recognition that such relationships are not necessarily public, and also the problem of unexpected burdens placed on one partner by the other (Blois, 1997). Finally, a number of issues are effectively hidden by the use of this metaphor. These include the question of how many partners can have such a relationship with a single commercial firm, the appropriate responses in the case of failure of the relationship, and finally, the crucial issue that in consumer markets at least, the relationship in question is not an interpersonal relationship.

To review first those issues that are emphasised, or perhaps over-emphasised: marriage emphasises the role of love and affection as husband and wife promise to 'love each other truly', and offer each other rings as 'symbols of faithfulness and unbroken love'. Drawing on these aspects of the relationship of marriage does not help us better understand relationship marketing, as these attributes are not paralleled in any relationship founded on a commercial exchange. The marriage metaphor implies that relationship marketing only occurs when two parties formally engage in a relationship which they intend to last for life: 'What God joins together, man must not separate' (or, at least, not in the short term). This concentration on the long term nature of relationships has meant that little attention has been paid to the dissolution of marketing relationships, which is only now becoming an accepted topic of investigation.

The process of building a formal relationship which is intended to last for a considerable period of time is evident in many business-to-business relationships (Ford et al., 1998, Ford, 1990) and some service relationships, but much less easy to recognise in business–consumer relationships. Nor is the promise of fidelity a reasonable pointer to likely future events because, although marriage is a 'bond that will endure for life and cannot be broken', marketing relationships rarely last beyond a stage when they are no longer mutually beneficial.

In marriage, commitment to a spouse is given regardless of the future 'for better, for worse, for richer, for poorer, in sickness and in health', whereas that in exchange relationships represents a far more qualified and bounded commitment which protects the interest of owner and shareholders. Thus, trust is offered within set boundaries, offering only limited vulnerability to the future actions of a relationship partner, and not in the all-encompassing way trust ideally operates within marriage.

Issues which are de-emphasised by the use of the marriage metaphor include the issue of consent. For a marriage to be valid, consent must be freely offered: 'Do you consent to be my husband/wife?'. This parallels business to business, service, but not often business–consumer relationships where customer lists are bought and sold (Tynan, 1997). Marriage also implies that things of value, money and possessions, are held in common by the *partners*: 'I give you this gold and silver, tokens of all I possess.' This is somewhat in advance of marketing relationships but perhaps reflects some of the values evident in inter-organisational systems research, particularly in respect of fuzzy boundaries.

Marriage is seen as 'a sacred union', where public promises are made in the presence of kith, kin and friends with the visible symbol of a ring to identify the partners. In relationship marketing, it is not always obvious to outsiders who the partners are and in what other relationships they are engaged. Another issue which is rarely mentioned in the marriage context is that of unexpected burdens, which occur when one partner experiences difficulties and expects the other partner to provide help. Although this could reasonably be signalled by the promise 'for better, for worse, etc.', the focus upon successful marriage has led to the neglect of anything negative. This neglect also encompasses the appropriate way to initiate a 'divorce' from a relationship partner when that becomes necessary.

Finally, we address those issues which are hidden by the use of the marriage metaphor. In marriage the couple have only one relationship of this kind (at any one time) whereas in relationship marketing there may be several or, in the business–consumer relationship, many at any one time.

The crucial difference between the metaphor and the reality is that an interpersonal relationship may exist in business-to-business and in service markets but they do not exist in consumer markets. In conceptualising the general theoretical nature of relationships, Iacobucci and Ostrom (1996) identified four robust, underlying dimensions of interpersonal relationships. These include power symmetry–asymmetry, co-operative vs. competitive, intensity of interdependence and finally, whether work or social related. In examining the marriage metaphor with the marketing relationship in each of these categories there is a very variable fit. Whereas modern marriage partners are seen as fairly equal in their roles, relationship partners are rarely so. In business-to-business, service and business–consumer markets there is frequently a size inequality between the partners, leading to power asymmetry. Even where size is not an issue, inequality of access to information can lead to similar asymmetry. Marriages exhibit intense, positive and co-operative relationship with compatible goals, but even the most intense commercial relationship is unlikely to be as positive as the husband–wife relationship. The intensity of interdependence is thought to be reflected in the personal commitment of the parties to the relationship. Perhaps it is the final category that most firmly separates the metaphor from the commercial reality. Husbands and wives experience a social relationship where those in a marketing exchange relationship experience primarily a work related relationship, but one which may in time be managed into something with some social nuances and overtones. Individuals cannot and do not have interpersonal relationships with organisations.

Conclusion

The metaphor is an enormously powerful tool for the marketing theoretician to develop new conceptualisations and theory. However, the processes by which metaphors work have not been fully explored in the marketing literature to date. Therefore, it is timely to review the processes by which they should be developed and utilised. Attention as been drawn to the limitations inherent in the use of metaphors – namely the issues which are de-emphasised and those which remain hidden because of the use of a metaphor, and also the problems associated with the continued use of dormant metaphors.

When considering the application of these issues to the popular marriage metaphor in the relationship marketing literature some questions emerge. Marriage no longer fits the situation witnessed in many marketing relationships. It offers most to the business-to-business and service relationship, but even there badly over-states issues of affection, commitment, fidelity, power symmetry, intensity, compatibility of goals and the social aspects of the relationship. However, its use in business–consumer relationships has served to build unreal expectations of both partners in the exchange relationship in terms of trust, commitment, closeness, mutuality, power symmetry, intensity, and particularly, social aspects of the relationship. The metaphor promulgates a highly idealised, romanticised and interpersonally based notion of the type of relationship which can develop and the degree of commitment consumers can offer to their partners.

This metaphor, once lively and enabling, is now dormant, or worse still, it may already be extinct. Rather than facilitating creative thought and conceptualisation in the field, it has constrained and limited our understanding and inventiveness. It is no longer the window through which to see and interpret the new world of relationship marketing, but has become a steel door which marks the end of this avenue of investigation. In the light of Van den Bulte's admonition, this paper has sought to critically examine our existing metaphor of marriage in the field of relationship marketing on the basis that it has become an unquestioned truth and a 'substitute for thinking'. The way forward is now to develop new and appropriate metaphors to reduce confusion and reinvigorate our theorising in this area of study.

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Author

Caroline Tynan is professor of marketing at Nottingham Business School and a member of the associate faculty of Henley Management College. Caroline is the deputy chairman of the Academy of Marketing and a member of the academic senate of the Chartered Institute of Marketing. She teaches service and relationship marketing, and marketing strategy on a range of postgraduate programmes delivered at universities in Nottingham, Slovenia, the Czech Republic and Zimbabwe. Her current research interests focus on service and relationship marketing, particularly in an international context. Her work has been published in the *Journal of Business Research, European Journal of Marketing, Journal of Marketing Management* and *Journal of Managerial Psychology* among others.

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ADDED VALUE: A QUALITATIVE ASSESSMENT OF SME MARKETING

Audrey Gilmore, David Carson, Aodheen O'Donnell and Darryl Cummins

This paper discusses the importance of 'added value' to SMEs and their marketing activity. It begins by reviewing the definitional terms of added value which, it emerges, have tended to be derived from the experiences of larger firms. By considering the inherent characteristics of SMEs, it contends that smaller firms can also achieve competitive advantage through added-value marketing approaches, and that this is inherently natural to SMEs in 'doing business'. Findings from this study illustrate various ways in which SME business owners carry out added-value marketing. Value is added through the firm's product offering; its pricing strategy; delivery system; sales activities; promotional campaigns and customer service provision. The paper also demonstrates that although small firms engage in many aspects of added-value marketing, they do not refer to these as such. Instead the small business owner-manager views these as normal day-to-day business activities in which they engage towards the pursuit of customer satisfaction and, ultimately, competitive advantage.

Introduction

Since the 1980s, the concept of added value has taken on a prominence in many different contexts of marketing. Companies have had to respond to changing circumstances by paying closer attention to customer needs, and providing superior offerings. Much of today's marketing activity incorporates, or indeed is focused primarily on, added-value strategies. This trend is both a threat and an opportunity to SMEs. It is obviously a threat if large companies can become more effective in reaching and satisfying customers and in doing so create greater barriers to SMEs struggling to penetrate a market. However, the opportunities presented by this trend far outweigh any threats to SMEs. Why should this be so? This paper reviews the definitional terms of 'added value' and considers this in the context of the inherent characteristics of SMEs, particularly in relation to marketing characteristics. In doing so, it draws a firm conclusion that the 'added value' concept is entirely suited to SMEs and the way they do business. SMEs, because they tend to know their customers intimately, are inherently providing a customised service which in turn incorporates aspects of added value. This is manifest in a number of different ways, most of which are most readily contained in aspects of marketing, as demonstrated in empirical findings from a study of SME marketing decision-making.

What is Added Value?

Although the term 'added value' is widely used, the literature is fragmented (Woodruff, 1997) and different disciplines adopt different definitions according to their function and purpose. There is also considerable blurring of meaning where there is often no distinction made between value and added value.

The concept of value is often discussed from Porter's (1985) 'Value Chain' perspective, which is a method of assessing the strengths and weaknesses that divide a business into a number of linked activities, each of which may produce value for the customer. One of the five primary activities that must be carried out by any organisation is marketing; the value chain consists of those functions associated with providing a means by which buyers can purchase the product, while also persuading them to do so (Murray and O'Driscoll, 1996). The value-chain notion is important to this discussion, since it highlights the importance of customer value, and highlights that virtually everything an organization does can be managed to improve the firm's overall ability to create and add value (Miller and Dess, 1996).

Thus the customer is recognised as being of key importance to the firm; this is often emphasised by the fact that it costs a company five times more to attract a new customer than to keep a current one (Lewis, 1991). In order to maintain a high degree of customer loyalty, the firm must be able to create value and be able to pass it on to the customer, ensuring that it provides this added value, in whatever form, to a greater degree than the competition.

It is contended here that there is no one distinct, all-encompassing definition of added value, or how firms offer it. Rather, as the study reported in this paper supports, added value can be provided in a number of ways, and can impact upon all areas of the firm's activities. Issues of competitive advantage and added value are closely linked. Hayes et al. (1988) suggest that each of the various decision issues which affect competitive position can be classified into six major areas: cost, quality, delivery, dependability, flexibility, and innovation. Other authors outline further ways in which companies can add value to improve their competitive position. McIntosh et al. (1993) focus on training; Cannon (1995) shows the contribution of the purchasing and contracts function; while Martin (1992) highlights supply-chain management as a means of adding value.

In a marketing context, the origins of added value can found in the descriptions used to distinguish brands from commodities (Jones, 1986). This would seem to imply that the concept is only applicable to large companies that manage their own branded commodities. Indeed most commentators on the subject (for example, Kay, 1993) have tended to use large firms, and in some cases multinationals, as exemplary models of value-adding companies. However, the concept of added value has expanded over the years to include many dimensions that are of as much relevance to the small firm as to a multinational.

Nilson (1992) emphasises the need for value-added marketing, in the context of fulfilling customers' wants and needs with products and services that have superior perceived value. With enhanced value provided to the customer, and with each part of the business producing value, the firm should be able to ask for higher prices, and/or incur lower costs, thus resulting ultimately in increased profitability and improved financial performance. This is of particular importance to SMEs, which are unable to compete with larger firms on price, and so must develop other added-value strategies.

SME Marketing and Added Value

SME decision making has many distinctive characteristics that set it apart from large firms (Carson, 1993). Many of these characteristics stem from the relative size of an SME and the influence of the entrepreneur/owner-manager. The most commonly cited characteristics of SMEs include: resource constraints, especially time and finance (McKinnon, 1972; Davis et al., 1985); a personalised, as opposed to formal, approach to management (Birley et al., 1991); a 'survival mentality' (Hankinson et al., 1997); and lack of strategic planning (Dodge and Robbins, 1992; Fuller, 1994).

Given these and many other distinguishing characteristics of SMEs, it has been proposed that traditional marketing theories are inappropriate to describe small firm marketing (Carson and Cromie, 1990; Hogarth-Scott et al., 1996). In fact, the marketing activities carried out by SMEs are often in sharp contrast to those associated with traditional textbook marketing. General conclusions about SME marketing focus upon its reactiveness (Stoner, 1983); the role of the manager's intuition (Hills, 1985); and the dismissiveness of advertising and market research (Curran, 1988). However, rather than being disparaging of this style of marketing, many writers extol the virtues of such an informal marketing style. Furthermore, they would question the benefits of SMEs adopting formal, marketing models (for example, Gibb and Scott, 1985; North et al., 1998).

Indeed, while their size may create problems for small firms, it also creates many advantages. For example, Cohn and Lindberg (1972) have commented that while large companies are good at serving mass markets, smaller companies are better at serving specialist markets. Munro (1996) cites entrepreneurial spirit, flexibility, innovativeness, and responsiveness as the key strengths of the smaller firm. Blanchard (1994), in the same vein, suggests four characteristics that businesses require to be competitive: customer-driven, cost-effective, fast and flexible, and continually improving, and he believes that a small business is able to adapt to these more easily. He comments that, '(t)he reality is that a small entrepreneurial operation with effective management can be tough competition for any large operation'. By playing upon these strengths, small firms can add value for their customers through creative, albeit 'non-textbook', marketing techniques.

Hardy (1987) believes that the best added value ideas will emerge from a supportive environment, where managers are allowed time to question customers about existing products, and how they might be improved. Small firms are generally thought to be at an advantage over their larger counterparts in this respect, as their small size makes it easier for them to get close to customers and obtain valuable feedback. Similarly, Berry (1987) has suggested that added value works especially well on 'home turf', because local firms understand the culture and people, their ways of life, and ways of doing business. Again, this local knowledge and understanding is often an asset unique to the smaller firm.

Added value can be achieved through better marketing (Levere, 1992), which goes beyond brand management to include all aspects of the marketing mix. It is in these aspects that SMEs can create considerable competitive advantage. The distinctive marketing style of SMEs, created and dictated by their inherent characteristics, means that they inherently incorporate added value into their marketing activity. Because they are closer to their customers and can often provide a customised service in some way or other, the basis of this distinctive service is often founded in some aspect which, in essence, is 'added value'. From an SME marketing perspective specifically, added value can be achieved through one or a number of activities, including product, packaging, delivery/distribution, selling, advertising and promotion and customer service. In support of this assertion, the remainder of this paper describes aspects of added value in various marketing mix activities offered by SMEs.

A Study of SME Added-Value Marketing

For this research, in-depth interviews were carried out with 60 SME owner-managers in a regional economy, Northern Ireland. Criteria for the selection of the companies are as follows. Firstly, firms selected had been trading for at least five years. This was designed to avoid some of the growth volatility normally associated with the start-up phase, especially in the first four years of trading (Storey and Johnson, 1986; Storey, 1989). Secondly, they employed at least 10 people. According to the definition adopted by the European Commission, SMEs are grouped into three categories: medium sized, small, and micro. An enterprise is considered medium sized if it has more than 50, but fewer than 250 employees. To be defined as small, an enterprise must have fewer than 50, but more than 10 employees. Micro enterprises employ fewer than 10 people.

In accordance with this definition, our research focuses on small and medium sized enterprises, that is, those firms employing between 10 and 250 people. The primary advantages and justification for adopting this definition are twofold. Firstly, unlike other definitions, it does not use any criteria other than employment, and, secondly, it does not vary its definition according to the industry sector in which the enterprise operates (Storey, 1994). Since our study is multi-sectoral, this is crucial. The firms came from a wide spectrum of sectors including manufacturing, service and high-tech industries.

Methodological Justification

The study of small firms is a relatively new branch of social science research (Brockhaus, 1987; Bygrave, 1989; Churchill and Lewis, 1986). As such, many areas within small firm research have not been investigated conclusively. Marketing in small firms is one such area, and authors such as Gilmore and Carson (1996), and Peterson (1989) attribute the lack of understanding to research methodologies used in the past, where SME owners were asked to compare theoretical marketing concepts to the business philosophy and strategies of their firms.

To research marketing decision-making processes in small firms and, in particular, to gain in-depth and detailed understanding of the use of added value in marketing activities, qualitative methodologies have been employed. The rationale for this is that qualitative methods yield large volumes of exceedingly rich and detailed data obtained from, and relating to, a much smaller number of individuals and cases (Patton, 1987; Walker, 1985). Qualitative research seeks to describe and come to terms with the meaning of certain naturally occurring phenomena in the social world, thus allowing for a broader and more holistic perspective to be taken on any particular issue (Donnellan, 1995). In short, 'qualitative research is centrally concerned with the *understanding* of things rather than *measuring* them' (Gordon and Langmaid, 1988). The analysis of qualitative material is more explicitly interpretive, creative, and personal than quantitative analysis (Walker, 1985), focusing on the subjective understanding of how and why people (in this case, owner-managers of SMEs) act in the way they do, thus gaining an understanding of the world from their perspective. That is, qualitative research '… is designed to probe fully into how and why people feel and act in the way that they do without making a series of prior assumptions as to what factors are likely to be important' (Social and Community Planning Research Institute, 1972). This research used this approach in order to understand the use of added value in marketing by SMEs.

Qualitative research offers a variety of methods, including participant observation and in-depth interviewing. Based on the specific aims of this research, in-depth interviewing was deemed to be the most appropriate means for collecting the relevant data, in order to understand why SME owner-managers act as they do, and to understand the meaning and significance they give to their actions in such a way that they can tell the interviewer in their own terms (Jones, 1985). Therefore in this context this method '… provides a framework within which respondents can express their own understandings in their own terms' (Patton, 1987); and it is the most appropriate method to probe an individual's behaviour or attitudes in detail (Tull and Hawkins, 1990).

Discussion of Findings

The purpose of the study was to identify the ways in which small firms add value through marketing. As such, the data collected from the in-depth interviews were analysed in terms of value being added to any or all aspects of the marketing activity. Thus the findings are presented here under the headings of product, price, delivery/distribution, selling and customer service, and other aspects of added value.

Product-related Aspects of Added Value

Data analysis focused on where, when and how added value was offered in terms of the refinement, improvement, and development of the product(s) offered.

One way of adding value is for the small firm to offer a wider range of products than its competitors. It is often the case that the firm offers a core product which accounts for the greater part of its sales, but will enhance the total offering by stocking a range of related items. While the profitability of these products tends to be lower than that of the core or main product, their availability is seen to encourage purchase of the main product.

As one small firm owner explains:

> …we're supplying a demand because … there's very few of our competitors who provide a complete package … which is what we are attempting to do …' (building merchant).

What should be included in this 'package' is information that the owner-manager receives from dealing directly with the customer, as the following illustrates:

> You more or less stock what you think the customer requires, the list they give you to price (food distributor).

This view is shared by other managers:

> … we try and sell them everything that they might want to get … we're giving them a better range … (fireplace distributor).

> … people can basically buy everything they need for the house in one place … (furniture/electrical retailer).

> … we have a very good, well developed sales force and distribution network throughout the UK and basically if you are going to sell something there's no point in going with one product whereas if you have a portfolio of products, it is certainly going to be a lot better (food distributor).

Many of the SMEs in the study explicitly stated the need to develop and expand their range of products continually.

Price-related Aspects of Added Value

Several commentators have noted that customers are becoming increasingly value-conscious (Mason and Peak, 1992; Levere, 1992; Zeithaml, 1988; Karger, 1987). This could have devastating effects for the small firm which, due to smaller volumes, will not benefit from economies of scale as would their larger counterparts. As such, many small firms find it difficult to compete on price. However, the small firms in this study believe that price is not the main consideration of their customers. Instead, like the commentators just referred to, they claim that their customers are more concerned with 'value for money'. This takes into consideration other aspects of the total offering, including quality, and customer service, as the following quote illustrates:

> ... price is not necessarily the prime concern ... it's always important, it's always there, but the quality and the service side are probably more important in this business than price (building merchant).

Finding the right balance between price and other non-monetary dimensions is a challenge for the small firm. Naturally, such a decision is not taken without reference to competitors. The firms in this study all claimed to be aware of what others in the industry were charging for comparable offerings. Although there is some variation as to how precise this competitor knowledge is, the small firm owner–manager will make a conscious decision regarding prices relative to competitors' prices. They deliberately charge the same, less, or more, while tailoring other aspects of their offering accordingly.

Indeed, very few of the businesses studied aim to be the cheapest in their market. The following comments from some of the interviewees illustrate the general attitude to price competition:

> We certainly wouldn't be seen to be the cheapest and we don't really want to be perceived as the cheapest either. But we do put a focus on quality and service and support and that has to be paid for ... (precision engineering company).

> ... we try to sell away from price because our competitors tend to go for the price ... they use cheaper materials which aren't as effective ... (beverage equipment manufacturer).

> So my philosophy generally is that if I'm coming in and everybody else is selling the product at £10, we will go in and sell it at £10.20 for example. ... And we do it on the basis of service (fireplace distributor).

> ... if you're not selling the cheapest product on the market, the way to get slightly more margin is to make sure that you give the customer good service and make sure he can rely on you ... (environmental building services firm).

Realisation that a higher price can be commanded for a superior product sometimes takes time, as this guitar manufacturer explains:

> ... with the sort of unique selling features that the product had over the rest of the competition, we really needed to make a unique and a niche product, and the price at that time did not reflect the fact that it was in fact a niche product. So we set about changing the pricing ... (guitar manufacturer).

Delivery/Distribution-related Aspects of Added Value

Delivery is an area where a firm's reputation can be substantially enhanced, but, equally, can be quickly eroded. According to Peel (1990), where distribution problems do arise, likely causes are over-optimistic delivery problems and poor production control. Meeting customer expectations and keeping delivery promises are essential when a firm is hoping to establish and maintain long and profitable relationships with its clients. This is very much in keeping with the results of a recent survey (Genna, 1996), where it emerged that the most important factor a company looked for when selecting a small supplier was its ability to complete work on time. Appreciation of the importance of delivery is also evident in this study:

> The reliability and the punctuality of what we're doing is paramount. And a lot of our competitors and indeed ourselves in the early days didn't get that bit right ... (trailer manufacturer).

> ... the main thing is not to let a customer down ... it's all very well generating interest, but don't be promising something for Monday if we can't do it ... (yarn manufacturer).

> You know you have to have it done on time. Usually it's critical ... once you've committed yourself to it, you have to have it, otherwise you haven't provided the service (PVC window installer).

While an SME can ensure its customers are satisfied by keeping its delivery promises, it is possible to add value for customers by exceeding their delivery expectations. Here, some small firm owners demonstrate how the delivery system they have in place is superior to their competitors', and thereby acts as a competitive advantage:

> We call them or deliver to them every week within a couple of days, which other companies don't do. (beverage distributor).

> ... I said 'right, what we'll do is we'll send a lorry down every week, every Monday regardless of whether or not there is enough' ... I have been doing that now since we started (furniture manufacturer).

> ... nobody in Ireland is going to have to wait more than seven days for anything from us (fireplace distributor).

Selling- and Customer Service-related Aspects of Added Value

There are many ways in which SMEs can add value through sales activities. A common approach is to use joint promotions, such as gifts presented directly at the point of service, or redeemed through mail (Hardy, 1987). In this study, one of the firms, a manufacturer of desserts, during a promotion campaign, offered customers a complimentary litre of ice-cream whenever they purchased one of its fruit pies. Bonus packs with a percentage free are another obvious way of adding value.

In order to engender customer loyalty, customer retention, and, ultimately, long-term customer relationships, the small business manager can offer what can, in various forms, be called a good customer service. There are a multitude of definitions of customer service, but two practitioners' definitions seem appropriate for this discussion. One describes an added value service as, '...something beyond the customary expectation', while the other describes it as, '...the ability and motivation to take two steps when the customer expects you to take only one' (Muller, 1990).

Customer service is hailed as the key to business success by many of the small firms studied, and can be used to bring all other marketing activity together to ensure added value in the overall marketing offer. As Martin (1992) argues, 'customer service is an opportunity to demonstrate added value beyond the product'. True customer service, according to Peel (1990), involves every aspect of the organisation's activities, and evidence from this study shows that small companies use a wide array of measures to add value through customer service.

Through experience in the business, and personal contacts with the customers, SME owner-managers gain insights into what the customer is concerned with and what they expect from the purchase. The level of insight is crucial as, according to Davidow (1989), good service has nothing to do with what the provider believes it is, but rather with what the customer believes it is. The following manager obviously shares this view:

> ... you have to put yourself in the position of the person that you're selling to and really find out what they want and how they want you to do it, not what suits your organisation ... (fireplace distributor).

One way in which the small business manager seeks to add value through service is by leaving the customer with as little to do as possible. They speak of taking 'the hassle', or 'a lot of the trouble and worry' away from the client. They are aware that the customer wants to feel important, so very often the manager, rather than one of his employees, is the point of contact with the customer, as illustrated in this comment:

> So that if someone wants to discuss the job with either [the other partner] or myself, they can do so with confidence that we're not being a bit high-handed and dismissive of their projects. Really, from the smallest to the biggest, we would almost always be able to take a phone call and talk about it ... (civil and structural engineering company).

Customer service can be seen in the small firm's willingness to obtain products and offer services outside its normal remit, or to provide a customised version of its standard offering. Advantage can also be gained by dealing with business which competing firms would turn away, such as small-sized orders, and one-off buys.

Given the emphasis placed on customer service, it is no surprise that examples abound of instances where customers remain loyal to existing suppliers, even when a competing company offers a comparable product at a lower price. A good relationship with a customer can, therefore, preclude price as the main consideration in a purchase decision, as the following comments demonstrate:

> ... even in these days when price seems to be the key factor, there is still a lot of sales can be done on personal contact and building up relationships. (textile manufacturer).

> ... they'll [customers] not change and go to a new supplier if you are in and around the same price (building merchant).

Other Aspects of Added Value: Reputation and Commendation

During the analysis of the qualitative data, two issues emerged which are clearly marketing-related, but merit their own discussion. These are the importance of a firm's reputation, and the contribution of word-of-mouth recommendations.

It is recognised that a firm can achieve added value through exploiting a good reputation (Kay, 1993). In this study, it was clear that reliance on reputation in securing business is common to all firms, regardless of their industry. For example, one manager, a partner in an engineering firm, described how his company has consistently delivered work of the highest quality to customers over the years, and now reaps the benefit of this investment in the form of a good reputation throughout the industry. He said:

> ... in discussing new business with these people [new customers] ... we would expect to be well thought of and have a good reputation in regard to the quality of our products. We have provided very good quality for 10 years. So I can't see, within the limits of our size and our capabilities, that we wouldn't be well regarded.

Likewise, the importance of positive word-of-mouth communication as a means of obtaining new customers was evident across many industries. In fact, many of the firms were quite dismissive of the use of advertising and other forms of paid promotion, relying almost entirely on word-of-mouth recommendations. This is by no means a new insight, as many other studies have revealed similar findings (for example, Fitchew et al., 1997; Hogarth-Scott et al., 1996; Curran and Blackburn, 1994).

Harris (1993) has stated that personal recommendations are a tangible measure of a client's satisfaction, and believes that people will refer other people to businesses with which they have comfortable business relationships. It seems reasonable to assert that there is a better chance that a customer will recommend a company to others if his expectations have not just been met, but have been exceeded. Naumann (1995) has called this exceeding of customers' basic expectations 'customer delight'.

The comments below illustrate some examples from this study:

> ... instead of spending money on advertising, we would rather take that money and spend it on our customers to make sure that they give us recommendations because we find that's how we get business (PVC window installer).

> ... our approach is ... giving the clients what they want when they wanted it, so in turn they speak to other clients or architects and they say, 'Oh yeah, those guys always turn it out on time ... a good job and you'll get it on time' (civil and structural engineer).

Thus, the small firm will expend considerable effort in adding value for the customer, not just to discourage them from turning to a competitor for future purchases, but also to encourage them to recommend the firm to others.

Conclusion

SMEs cannot hope to take advantage of such things as scale economies and substantial promotional budgets which larger companies may rely on. Competitive advantage often has to be sought from other sources, or other ways of doing things. Exactly where value can, and should, be added to a firm's offering will depend upon the nature of its industry, and upon the offerings of other firms with which it competes. However, many of the fundamentals will be the same for all small and medium sized firms. The findings suggest that the SME, by staying close to its customers, will have a keen understanding of their needs. By combining flexibility and superior service it will add value for its customers by meeting and, if appropriate, exceeding their expectations to a greater extent than the competition.

The reader will have perceived from this paper that the term 'added value' is not formally addressed or explicitly stated by the SMEs in this study. Despite this, many of the activities that the owner-managers and their staff engage in, in the pursuit of customer satisfaction, can be described as 'added-value marketing', as illustrated in this paper. This is not, however, how the owner-managers describe such actions; they view these as normal day-to-day business activities.

Finally, research in this area should steer away from forcing SME owner-managers to compare their marketing with that described in the traditional and theoretical marketing models. Rather, subsequent studies should develop and refine more innovative and creative means of research. This in turn would lead to a more comprehensive and clearer understanding of the complex phenomenon of how marketing is carried out in the small firm.

Authors

Audrey Gilmore is senior lecturer at the University of Ulster, Jordanstown, Northern Ireland.

David Carson is professor of marketing at the University of Ulster, Jordanstown, and editor of *European Journal of Marketing.*

Aodheen O'Donnell and Darryl Cummins are research assistants at the University of Ulster, Jordanstown.

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PAN-COMPANY MARKETING AND PROCESS MANAGEMENT

Simon Knox, Stan Maklan and Keith Thompson

The key issue facing companies today is how to add more customer value in the face of product commoditisation, increased service levels, faster innovation and diminishing brand loyalty. We argue in this paper that the marketing community is not responding sufficiently to the challenge: many of our brand and marketing tools are dated, and worse still, they focus on creating brand values, not customer value. Before marketing management can return to its place at the heart of value-adding activities, it will need to work much more closely with business process owners and acknowledge the need for creating value across the organisation, rather than just through products and brands. A methodology is offered which enables marketing to reinvent itself as the architect for branding the customer value proposition at an organisational level.

Brand Marketing in Transition

The business community was alerted to the increasing obsolescence of brand values in April 1993 when Philip Morris accepted that its flagship brand Marlboro no longer offered sufficient customer value to support the premium prices it once enjoyed. There followed an article in *The Economist* questioning the future of brand management and marketing departments themselves. At the heart of the matter is the fundamental shift in what customers perceive as value which is challenging the way that business activities create customer value (*The Economist*, 1994). For most of this century, strong brands have been the key vehicle for the delivery of customer value. In a world of rapid innovation and ever increasing choice, reliance on a familiar and trusted brand name was the antidote to the perceived risk generated by all this change and unfamiliarity. It worked for Kellogg in low cost, simple consumer markets and it worked for IBM in high cost, complex business markets. However, new ways of coping with risk have changed all that. Business buyers have developed partnerships with suppliers involving much closer relationships, as well as more sophisticated purchasing processes (Thompson et al., 1998). Thirty years of consumerism, higher disposable incomes and improvements in product performance and reliability have led to more confident, less risk-averse consumers. Brands designed to slay the dragon of perceived risk are now becoming redundant. Unfettered by the need to manage the downside risk, customers look increasingly for positive added value to discriminate between products and services. But these value-adding activities, such as total solutions, supply-chain leadership, managed lifetime costs and expert advice are in the hands of the business process owners in logistics, manufacturing and information systems, and not brand managers (Doyle, 1995).

Brand value was a promise of sameness and predictability. That is no longer enough, as Heinz conceded when it announced its intention to supply supermarkets with own-label baked beans. Even when the product is less easily imitated than baked beans – and is also acknowledged to be of excellent quality – if the value offered to customers gets out of line with their expectations the choices are stark: change or fail. Mercedes Benz built one of the world's most powerful brands in terms of engineering quality, luxury and exclusivity. Yet, in the USA during the early 1990s, the marque no longer met customer's perceptions of good value and they were not willing to pay Mercedes Benz prices. Mercedes had not let its quality slip, nor were their cars relatively more expensive to buy or own than before. Neither did the brand have the dissociative connotations that makers like Rolls Royce and Porsche experienced. Mercedes lost its following in the USA to a competitor whose brand appeared to lack credibility in the relevant market segments. However, Toyota's Lexus was quickly recognised as offering better perceived value against the costs of ownership. This superior value was primarily a result of Toyota's breakthrough developments in its manufacturing processes and resultant cost management

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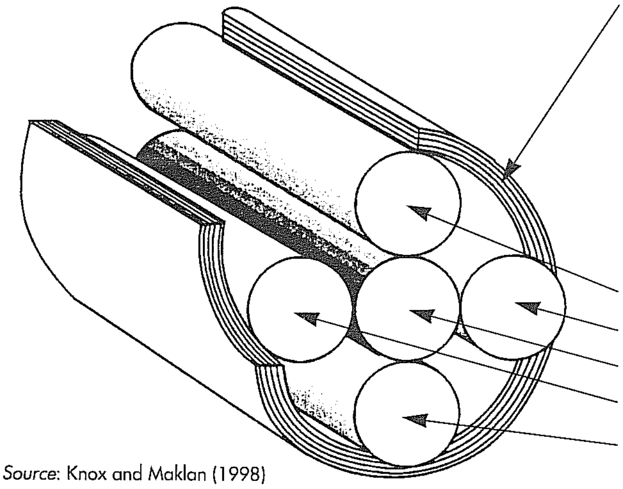
Figure 1 **Defining and Delivering Customer Value across the Organisation**



Source: Knox and Maklan (1998)

capabilities in conjunction with excellent design and customer care. Concentrating on image, quality, technical competence, or what is understood by 'marketing' is no longer sufficient. Neither is offering the world an even better mousetrap: Xerox, inventor of many of the most important personal computer innovations, such as the mouse, local area networks and graphical user interfaces, has simply failed to benefit commercially from the millions of dollars invested in research at its renowned Palo Alto laboratories.

Customer value is increasingly being generated by business processes outside the remit of marketing. Consequently, in the face of lower priced competition, brand managers are being forced to reduce the price premiums of their brands (Richards, 1997) and rationalise their brand portfolios. Concentrating largely on product-related benefits, like quality, innovation, prestige or risk reduction, can leave an opening for competitors to create better customer value on a wider, organisational basis. It follows that an organisation can no longer compete effectively unless all its efforts through *external* alliances, networks and partnerships and its *internal* business systems are directed towards delivering better customer value.

Building Brands that Can Deliver Customer Value

Despite the textbook definitions of marketing as a business philosophy centred on serving the customer (for example, Kotler, 1997), as Murray and O'Driscoll (1996) note, marketing textbooks still reflect a 4Ps approach. The practice of marketing has largely been subsumed into a business function in which the marketing department is tasked with delivering a unique selling proposition (USP) by manipulating the 4Ps of product, price, place and promotion through marketing programmes. Over time, this has resulted in an escalation in the use of expensive stimulus–response applications, such as TV advertising, in an attempt to persuade customers to buy. Despite the diminution in the efficacy of brand marketing, most firms need to face a serious crisis before even contemplating a radical reappraisal of the way they do business and how they create customer value. Even then, most marketing textbooks seem to offer a blend of exhortations to be customer-centred while propagating the conventional tools of brand engineering and customer manipulation (Jain, 1993; Lancaster and Reynolds, 1995; Kotler, 1997).

In the face of this, we propose a new modelling tool, the UOVP (unique organisation value proposition), that facilitates the integration of core business processes and positions the organisation in the supply chain to create the superior customer value proposed by Hooley and Saunders (1993). The methodology we outline is to encourage brand and marketing management to make the transition from traditional 'make and sell' product branding to organisational branding in which the whole organisation can be aligned to compete more effectively.

The Unique Organisation Value Proposition

In essence, the UOVP brand is the organisation's visible set of credentials throughout the supply chain. We use the metaphor of a cable and wires to describe the UOVP (Figure 1). The wires are the core business processes that *deliver* value through the supply chain to the customer, while the cable houses and directs these processes end-to-end. The cable is the organisation brand that *defines* the value proposition; the means by which customers and other stakeholders assess the credentials of the organisation. The UOVP is, therefore, a tool both of differentiation and of process integration for the company; it becomes the organisation brand. It is how the organisation is positioned in the value chain through the management of its reputation, performance, product brand and customer portfolios, and its networks. These components are discussed in the following sections.

Reputation

Product brand companies build corporate reputation only as a by-product of the marketing efforts behind individual brands. In the UOVP methodology, reputations are built through customers' understanding of the organisation's values and its commitments, as well as their experiences of its products and services. These are conveyed through the relationships that each organisation builds, as articulated, for example, by the corporate marketing director of Heinz Europe: 'We, as brand owners, need to build relationships with our consumers, to create a dialogue, expose them to our corporate values; establish a bond based on something more deep-seated than mere product quality, brand image or even simply meeting consumer needs' (Bailey, 1997). UOVP reputation differs from traditional corporate positioning because it is based upon the total capabilities the company – as opposed to its desired market position. Neither the company's individual product managers nor its marketing director currently have the authority or scope to manage the full range of stakeholder relationships or to commit the entire organisation in building its reputation. Marketers must now earn the right to develop the UOVP and to lead this new branding process in areas of reputation management since it can no longer be automatically conferred by dint of job title.

Product/Service Performance

Customers experience the brand values delivered by an organisation through the performance of its products and services during their purchasing cycle. Tesco, for example, has gained market share and moved ahead of its closest rival, Sainsbury, in the UK grocery market simply by performing better, being first to introduce new services, such as loyalty cards, financial services and guaranteed short queues at the checkout. At the same time, Tesco did not lose sight of its customers' cost, retaining its reputation for competitive product prices and doing more than Sainsbury to manage customers' time, convenience and purchase risk throughout the shopping experience. Tesco is using its reputation as the more progressive grocer to develop strong relationships with the most profitable consumer segments (Mitchell and Peck, 1997). Establishing measures of performance through which customers evaluate the firm ('moments of truth', Carlzon, 1987) is one of the strategic roles within the UOVP design. Marketing, with its skills in understanding customer motivation and purchasing processes, is well positioned to develop and manage these new metrics across the business processes.

Product Brand and Customer Portfolios

In traditional brand management, the portfolios of products and services are managed as business units which must justify their continued existence on the basis of net present value (NVP). Sometimes, as in Proctor and Gamble, brand managers are encouraged to compete with one another. Dividing a large company into discrete product brand groups in this way is a useful way of dealing with organisational complexity. However, it does not contribute to the alignment of the whole organisation with the customer, and can even result in tension between individual product brands and the over-arching corporate identity.

Brand portfolios create value by endowing the product with instant recognition, enabling customers to know exactly what they will get, and allowing the company to transplant the brand values into different situations, locations and products. Yet they are just one *component* of customer value creation, and not the *object* of it. Value is also created by more effective customer portfolio management. Some, but not all, customers are very valuable to the organisation and justify a relationship management approach which goes beyond selling them an (often unintegrated) portfolio of products. As Hallberg (1995) points out, research shows that for many consumer companies, less than 20 per cent of households contribute the greater part of the profits. His work also shows that many brands can actually be

Table 1 **UOVP Marketing Mix for Airlines**

	BA	*Virgin*	*EasyJet*
Reputation	Reliable, predictable	Challenging, exciting, unconventional	Cheap
Product and service performance	Extensive routes, range of service, excellent recovery from problems	Limited routes, innovative services	Fit for purpose, few routes
Product brand and customer portfolio	Strong business class sub-brand, focus on long-standing distance business traveller	Trade on corporate name, mostly target 'Virgin' likers	Corporate brand focused on budget traveller paying for own trips
Networks	Emerging global alliances deliver worldwide capability. AirMiles scheme a major part of loyalty strategy	Focused on Virgin to appeal to Virgin likers	Not part of the brand

losing money when sold to as many as one-third of their light-spending customers.

The tools of customer portfolio management are database management, loyalty management and effective discrimination of offers between customers. A customer-based equivalent to net present value is customer lifetime value (Reichheld and Sasser, 1990). Customer portfolio management offers the potential to deliver more value to individual customers who satisfy appropriate criteria of customer lifetime value. However, the necessary marketing systems and applications cannot readily be integrated within an organisation divided into product brand groups, each with a different, and possibly competing, relationship with the customer. Management of the UOVP ensures that the balance between managing product portfolios and customer relationships is struck at a sufficiently senior level to ensure that customer relationships are not merely the by-product of a product management structure, but are central to business development which delivers most value to its most profitable customers.

Networks

The UOVP methodology enables the value added through a firm's network of suppliers and alliances to be an explicit part of the customer proposition. Managing brands that depend upon the contribution of others does represent a difficult challenge, but leading edge companies are finding that co-branding is one of the best ways of differentiating themselves from their competitors. These companies are forming highly visible alliances aimed at enhancing customer service and providing customised solutions rather than targeting cost or capacity reduction as in more traditional alliances.

For example, AirMiles was created by British Airways as an anchor for a vast network of well-known brands associated with travel. Customer value is created by enabling customers to collect points towards free air travel through this network. In the investment banking sector, JP Morgan outsourced information and communication services worth $300m a year to a consortium led by Computer Sciences Corporation which won the contract against EDS, the world's largest IT services supplier, which bid as a single company.

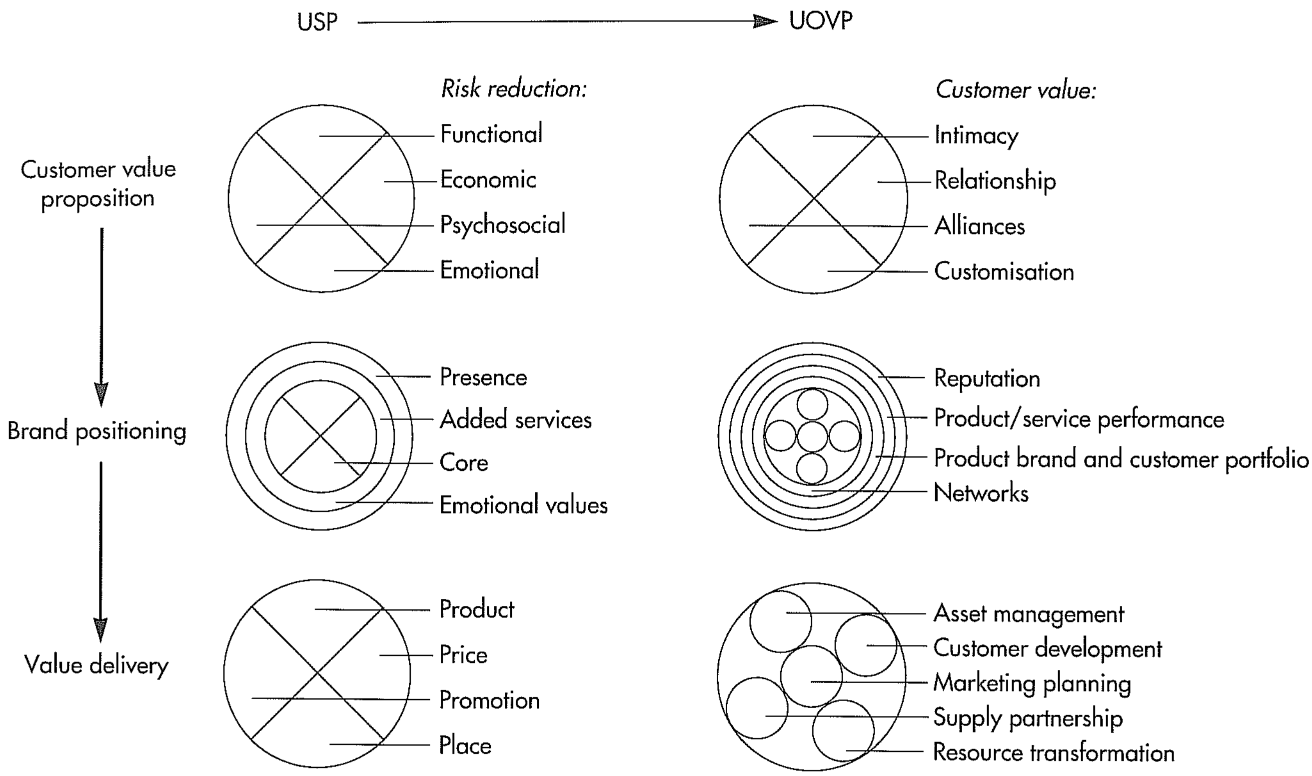
The extent to which business partners add value to your final offer, and the level at which this contribution is made visible to the customer, determines the extent to which an organisation brands its network of relationships. Arguably, marketing, in conjunction with process owners, should be determining this and managing these relationships accordingly.

The UOVP Marketing Mix

The mix between the components of the UOVP creates the organisation brand and the means by which the organisation brand is differentiated from its competitors. An example of competitive positioning is provided by the airline industry, where companies can be found that have well-conceived brand mixes at the corporate level (Table 1).

EasyJet offers a limited, but highly credible, brand proposition. The mix adopted by BA is aimed at the highly profitable, long distance business traveller. However, it is difficult to see how GO, the low-priced brand extension competing with firms like EasyJet, can be integrated into BA's UOVP

Figure 2 **Planning and Strategy Focus**



marketing mix. Virgin has avoided becoming a 'mini-BA'; its more emotional appeal is built around the Virgin brand and all it stands for. Such a proposition is hard to extend to a network of explicit business partners, limiting Virgin's ability to add customer value through networks.

Process Management and the UOVP Brand

When the company's core processes are driven by the UOVP brand, the UOVP moves deep into the organisation and creates a proposition that is relevant to customers. These core processes which deliver customer value will vary by industry and by company within industries. The UOVP does not presume to prescribe what these processes are nor how many should be considered of strategic importance, but the methodology does acknowledge their importance in delivering the organisation brand to customers on a consistent basis and is instrumental in determining process priorities. For illustrative purposes, five core processes are presented in this paper. They are: marketing planning, supply partnership, asset management, resource transformation and customer development. In our experience, these five processes are reasonably universal. They constitute the wires in the 'cable and wires' metaphor used to describe the organisation (Figure 1). Their role within the organisation is discussed in the next section in the context of UOVP branding.

Marketing Planning

Marketing planning is discussed first, since it is essential for the development of the UOVP brand. This 'wire' is different from the other four core processes of the model, in that it is the internal 'glue', the process which builds the links between the wires and the cable itself. There are three stages to this process which replace traditional product market planning.

This process is outlined in Figure 2, where each of the three stages is mapped against its equivalent in the traditional marketing planning process.

The Customer Value Proposition

The marketing planning model used to build the USP is product-centred and tends to limit the planner's thinking to what already exists in terms of market definition, product position, sales potential, etc. Furthermore, it is an incremental process which takes an annual view of the market and aims to make step changes in market share mainly through 'good housekeeping' activities. Breakthrough thinking is not encouraged by this sort of planning, rather the marketing imagination is constrained to think within boundaries that were created in the past. The UOVP toolset helps break these habits by encouraging a constant reappraisal of what customers perceive to be of value, with the emphasis on seeking to find the 'order winning' criteria through a dialogue with customers. Identifying these and positioning the company against the competition with a unique value proposition is the first step in the marketing planning process.

Organisation Brand Positioning
The next step is to define the UOVP brand in support of the value proposition, through the components of the cable sheath. Compared with traditional techniques, the UOVP brand actively encourages holistic thinking, challenging the planner to look for solutions from the entire value chain, and from outside the organisation where internal capabilities do no meet the competition's standards or where competitive advantage can be gained by delivering differently from the rest. Positioning of the UOVP brand has been discussed earlier.

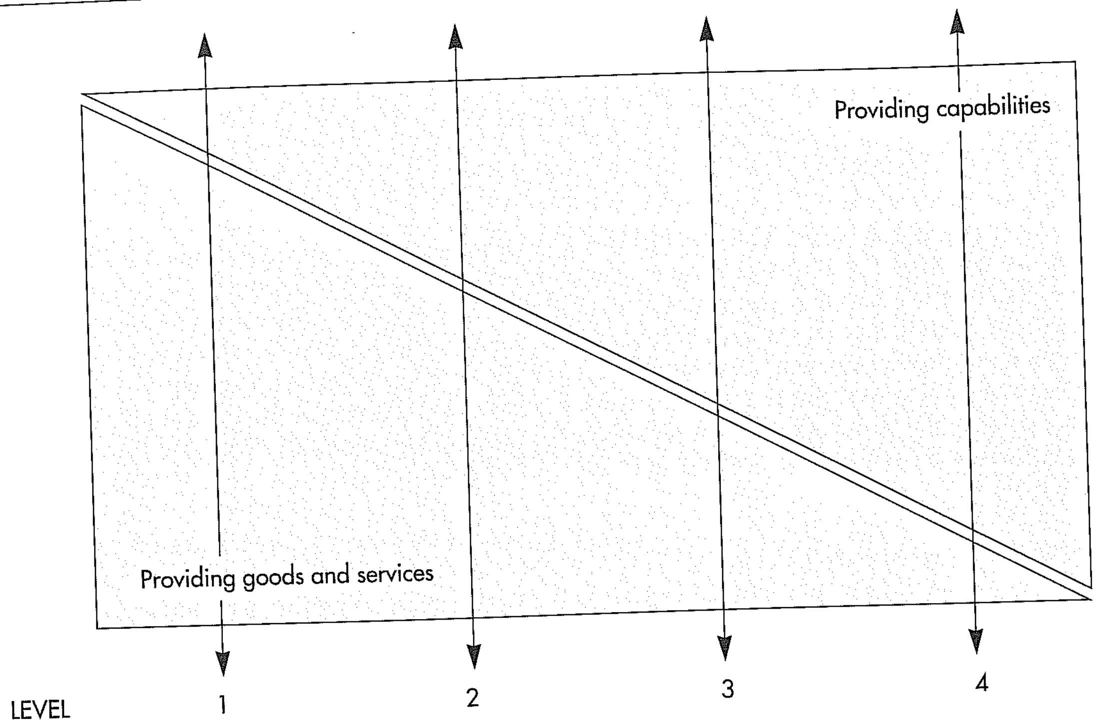
Value Delivery
Finally, the marketing planning process determines how the brand will be delivered by the business processes and provides action plans for all the activities involved in the customer value proposition. For example, in 1994 Guinness recognised that its performance in mainland UK pubs was not consistent with its brand positioning, which could only be implemented through end-to-end delivery of the product to its consumers. Consequently, Project Condor was launched to deliver the customer proposition, 'the perfect pint in every pub' (Christopher, 1997). This involved re-engineering the delivery system and channel management. Special founts to aid the famous two-part pour were installed, and licensees trained in storage and the art of serving the perfect pint. Guinness achieved its promised customer value by utilising the entire delivery chain. Marketing planning in this example is a very different planning approach to that advocated in the past.

Supply Partnership
Traditionally, the management of suppliers was hidden from customers and divorced from the process by which marketers sought to create brand value through the USP. However, arms-length relationships with suppliers is no longer typical in progressive organisations. Modern competition is based on rapid exploitation of opportunities, quick response to customers' increasing expectations and experimentation with new technologies and techniques. Such rapid change in core products and services is hard enough in itself to manage. Few can drag a long supply chain along with them as well.

This switch in the way companies work with suppliers is epitomised by the car industry, where uncompetitive Western manufacturers were exposed by the newly arrived Japanese, forcing the established firms to rethink how they worked with suppliers. After some failed attempts to eliminate time and cost from the entire supply chain simply by forcing suppliers to accept lower prices, the car makers changed their approach to one of forming open relationships with partner suppliers. This new way of working led to significant cost reductions, much faster cycle times for new product development, and provided the opportunity for suppliers to begin to contribute to customer value. The intimacy of these relationships continues to develop as suppliers take more responsibility for complete systems such as braking, drive train, steering and engines, allowing the car assemblers (which is increasingly a better description of the traditional manufacturers) to derive maximum benefit from suppliers' greater knowledge in their areas of specialisation. This synergy will continue to develop as cars become even more sophisticated and components become more complex (for example, microchips), making in-house specification and supply almost impossible. Consequently, the UOVP will evolve as car assemblers shift their focus to developing their offer through service provisions, developing relationships with customers and becoming excellent at choosing and managing their supplier network (Lamming, 1993).

The automotive industry example is part of a trend in which suppliers contribute an increasing proportion of the final customer value. We propose a partnership continuum which can be divided into four discrete levels (Figure 3). One consequence of these higher level supply partnerships is the development of increasingly effective third party suppliers, contributing a growing proportion of customer value. This raises two problems. Firstly, their skills are also available to competitors, so the values they contribute will become

Figure 3 **Supply Relationship Focus**



Level 1: traditional supplier that has a transactional relationship with the brand owner. The supplier sells specified goods and services to the brand owner on the basis of prices, service and quality.

Level 2: supply-chain optimiser that works co-operatively with the brand owner to reduce total cost (increase total benefit) of the brand's customer value proposition

Level 3: supply-chain partner that takes responsibility for a significant proportion of the brand's value delivery. Partners not only optimise the supply chain, they take some responsibility for innovation in their area of expertise.

Level 4: value chain partner that enables the brand to extend past its traditional competencies.

less and less effective as brand discriminators, and brand owners will eventually need to develop new areas of value creation. Secondly, management of supply partnerships will need to evolve to take account of the increasing power of suppliers, as delivery of the UOVP brand proposition becomes ever more dependent upon their contribution (Knox and Maklan, 1998).

Asset Management

'Our people are our greatest asset' has been one of the most commonly used and most hypocritical statements made by business executives (Wickens, 1996). This observation can be extended to other corporate assets which have often been managed for cost efficiency rather than excellence or value creation. However, it is becoming generally accepted that assets, especially those that are less tangible, such as know-how (Teece, 1998), brands and culture (Tyrell and Westall, 1998) can be significant sources of competitive advantage. The definition of assets used here includes both the intangibles and the tangible items of plant, people, equipment and location.

While there are many examples of companies using their assets in imaginative ways, there does not appear to be widely accepted systematic means by which companies can release more of their assets to the creation of customer value. The UOVP can provide such a framework by asking managers to:

- Think not about individual product markets, but about the entire industry value chain and how it could be reconfigured to deliver differential value. At First Direct, for example, information technology does not automate the inefficient practices of traditional financial services companies. New technology and business processes fundamentally change how customer value is created and delivered.

- Free asset management from the constraints of product planning. Consider the case of the $110m invested in the 'Intel inside' advertising: was this justified through incremental volume? Or did the senior management understand that as IT became a consumer good, an investment in a brand asset was necessary? The development of organisational assets should not be held hostage to the needs of the balance sheet if they will build superior and lasting differential value.

- Create structure and purpose to empowerment. The UOVP provides a blueprint whereby managers can visualise the extent and nature of their potential contribution to delivering customer value. It provides a common language and understanding of what is important to the customer and how the company is going to differentiate itself from competitors. Against that understanding, empowering all managers to add more value to customers will prove to be more productive than the 'initiativitis' that grips many companies today.

Resource Transformation

The organisation's capabilities in turning inputs (supplies and assets) into outputs (goods and services) have long been recognised as a vital part of creating value and have been the subject of much of the management literature, most notably that on business process re-engineering (Hammer and Champy, 1993). Re-engineering does create value, largely by lowering costs through productivity improvements, and is a important part of remaining competitive. However, improvements in productivity devoid of any understanding of customer motivations or the competitive environment must fail to optimise customer value. By contrast, within the UOVP, the cable transmits a consistent customer proposition with every component of the internal and network supply chain, ensuring that all business processes contribute to the desired customer value proposition.

Dell Computer has created a position for itself in one of the toughest markets by implementing this approach. Dell now sells directly to its customers and assembles to order from industry standard components. There is no inventory of finished goods, or middlemen between Dell and the customer. Dell's resource transformation model removes non-value-adding inventory and distribution costs from the system, and enables the customer to develop a direct relationship with the manufacturer. It is critical to Dell's UOVP brand positioning.

Customer Development

Not all customers are created equal (Hallberg, 1995). In fact, American Express found that the best customers outspend the others by ratios ranging from 5 to 1 in hotels/motels to 16 to 1 in retailing (Peppers and Rogers, 1993). Although it has been demonstrated that the most profitable customers are almost invariably existing, loyal customers (Reichheld, 1996), it is still common for firms to weight their sales, advertising and pricing strategies towards the acquisition of new, less profitable customers at the expense of their loyal customers. Of course, winning new customers is not a bad thing in itself; it is really a question of striking a balance between customer acquisition and nurturing the most profitable customers through customer development and loyalty management.

Loyalty management prescribes that the existing customer base becomes a priority and that resources are assigned on a differential basis. High-worth customers are supported in their behaviours and beliefs with a package of benefits that befits their estimated economic worth to the organisation and low-worth customers receive the reverse treatment (Knox, 1998). American Express responded to the challenge by turning itself into a customer management organisation. Each card member is now assigned to a loyalty group, such as frequent business travellers or high-value card members, so that they can be differentially rewarded according to their patterns of transactions with the company. However, traditional multiple product brand management organisations are poorly suited to company-wide customer development (Mitchell, 1998). If the product manager of Nestle's Kit-kat is even aware of the customers who also purchased other Nestle products, such as Branston Pickle, the organisational structure tends to hinder, rather than help individual managers who are isolated in their product/brand management 'silo'. By comparison, the integrative nature of the UOVP makes it a much more effective tool for determining customer development priorities, once 'customer portfolios' are being managed more effectively.

Rehabilitating Marketing as Process Integrators

In this paper, we have chosen five core processes to illustrate how customer value is delivered through the UOVP brand. Some organisations may decide that they have different core processes to these or, indeed, choose to manage a greater number. Regardless, the UOVP architect plays a major role in building a team from the individual process owners, ensuring that trade-offs between individual processes are made in consideration of the overall customer value proposition. The architect also works with process owners to facilitate closer relationships with customers, suppliers and potential alliance partners. While process owners will build many of these relationships through their own initiatives, ultimately someone must facilitate their integration. If not, companies may only succeed in replacing functional silos with process ones. We also argue that money invested in building product brands, using traditional marketing tools such as the USP and 4Ps, is likely to be wasteful of effort and resources and, possibly, even part of the business problem. Many other business functions have revitalised themselves, re-engineering their structure and processes to generate superior customer value. Yet marketing, the function tasked with representing the customer within the organisation, lags behind, relying instead on an outdated toolkit and a narrow philosophy to create customer value.

Through the UOVP, we offer a means by which marketing can be rehabilitated. As the architects of UOVP brand design, marketing can be revitalised to align the company behind a clear and manageable customer proposition. Marketing management can again direct investment decisions, involving suppliers and customers by managing the stream of activities stretching from raw material sourcing to understanding and meeting customer needs. In short, using this broader UOVP mandate and methodology, marketing management can return to its place at the heart of value-adding activities.

Authors

Simon Knox is a professor of brand marketing at the Cranfield School of Management and is a consultant to a number of multinational companies, including McDonald's, Levi Strauss, DiverseyLever and the Ocean Group. Prior to joining Cranfield, Simon worked for Unilever in a number of senior marketing roles in both detergents and foods. He publishes extensively on brand equity issues and customer purchasing styles and is co-author of *Competing on Value*, published by Financial Times Pitman Publishing.

Stan Maklan is a customer relationship management practice leader with CSC Computer Sciences, one of the world's largest IT and management consulting firms, and is a regular contributor to international conferences and seminars. He has been a Director at operating companies for Unilever and Burson-Marsteller, international leaders in consumer goods and public relations respectively, as well as a marketing manager for Cable & Wireless (telecommunications). He was awarded honours for academic excellence when he obtained a Masters of Business Administration from the University of Western Ontario (Canada) and has a Bachelor of Science (Economics) from the Université de Montréal. He is the co-author of *Competing on Value*, published by Financial Times Pitman Publishing.

Keith Thompson is a senior lecturer in management and marketing. He teaches buyer behaviour and international marketing, following several years in marketing management, notably with Spillers and IBM. Since joining Cranfield Keith has published 30 papers on buyer behaviour and marketing strategy. He has also undertaken academic and consultancy work in Latvia, Poland and Mexico. His current field of research encompasses the roles of attitudes, values, risk and trust in buyer behaviour.

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A STUDY OF THE DEGREE OF BRANDING STANDARDISATION PRACTISED BY IRISH FOOD AND DRINK EXPORT COMPANIES

Deirdre O'Loughlin

A fundamental question in international branding concerns the desirability and feasibility of standardising marketing programmes and procedures internationally. Despite the long-standing interest in the topic, it is apparent that there are sharp differences of opinion and that a distinct lack of consensus prevails due to the complexity of the issue. This study aims to explore the complex but fascinating concept of branding standardisation in the context of Irish export companies. A survey of export companies in the food and drink sectors was conducted and several propositions central to the standardisation debate were tested. Comparing the results across both industries, significant differences in the degree of standardisation are identified. The study also explores the current real-life issues, constraints and implications underpinning the standardisation of international branding strategy which hinder its implementation.

The standardisation/adaptation issue is an integral part of the 'globalisation dispute' which forms the basis of much of the current debate in marketing. The decision whether to adopt a standardised branding strategy across all markets, both domestic and foreign, or, alternatively, to adapt branding strategy partially or fully to individual markets and requirements has far-reaching and long term consequences, which permeate all levels of the organisation and determine the degree of commercial success achieved (Jain, 1990; Levitt, 1990; Quelch and Hoff, 1986).

This study aims to extend and deepen the level of understanding and insight into branding standardisation on a general level and specifically in an Irish context. Drawing on a representative sample of food and drink export brands, the research explores several issues central to branding standardisation while incorporating other elements of the international marketing programme. In addition, concepts such as level of internationalisation, foreign market profile, brand/export age, attitude to standardisation and obstacles to standardisation are examined and intra-industry comparisons drawn.

Adaptation vs Standardisation Practices: The Debate Continues

It has been argued that the world-wide marketplace has become so homogenised that multinational corporations can market standardised products and services all over the world, by identical strategies, with resultant lower costs and higher margins. Interestingly, whether to standardise or to customise is not a new issue and has been the vexing question with which international marketers, academicians and practitioners have wrestled since the 1960s (Buzzell, 1968).

Standardisation involves the offering of identical product lines at identical prices through identical distribution systems, supported by identical promotional programmes in several different countries. Proponents of marketing standardisation, for example, selling basically the same product from one market to another, insist that standardisation results in 'enormous' economies of scale in production, distribution, marketing and management (Levitt, 1983). Other advantages of standardisation, such as imbuing the brand with a global image and the relative ease of introducing new products simultaneously in a large number of markets, are also commonly espoused.

Adaptation, on the other hand, concerns the completely 'localised' marketing strategies which contain no common elements whatsoever (Bradley, 1995). Advocates of product adaptation make an equally strong case indicating the need for product modification across countries. Differences between countries in terms of culture, per capita

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incomes, consumer tastes and preferences, and government regulation are some of the reasons commonly cited for product adaptation (Terpstra, 1983). Proponents of adaptation suggest that greater returns are obtained from adapting products and marketing strategies to the specific characteristics of individual markets (Fischer, 1984; Kotler, 1985).

Globalisation and standardisation versus adaptation have become key themes in every discussion of international marketing strategy (Douglas and Wind, 1987). Proponents of the philosophy of 'global' products and brands, such as Levitt, argue that in a world of growing internationalisation, the key to success is the development of and marketing of standardised products and brands worldwide (Levitt, 1983).

Standardisation of the International Marketing Programme

The issue of global marketing has most often been framed in terms of the four elements of the marketing mix, advertising, product, branding and price. Considerable research has been conducted to establish the extent to which each lends itself to standardisation across the various international markets in which the firm operates.

Advertising

In relation to advertising, Elinder (1961) and Fatt (1967) were the first of many advocates of a uniform or standardised advertising strategy worldwide, who point to a growing internationalisation of life styles, and increasing homogeneity in consumer interests and tastes (Britt, 1974; Fatt, 1967; Boote, 1967; Killough, 1978). However, since the '60s and '70s, the basic assumption of the standardisation approach has been challenged (Mueller, 1987, 1991, 1992) with the adoption of a contingency approach using a continuum to assess the degree of standardisation or adaptation in advertising decisions (Papavassiliou, 1990; Papavassiliou and Stathakopoulos, 1997).

Product

Although the standardisation debate on product first emerged in the 1960s (Buzzell, 1968; Keegan, 1969), it took on new vigour in the 1980s with the widely publicised pronouncements of proponents of 'global standardisation' such as Levitt and Saatchi and Saatchi. The sweeping and somewhat polemic character of Levitt's statements has sparked a number of counter-arguments as well as a discussion of conditions under which such a strategy may be appropriate. Indeed, some proponents of product adaptation argue that benefits such as additional sales revenue can be accrued (Carpan and Chrisman, 1995). More recent studies have once again concluded that standardisation is not a dichotomous decision and that a balanced consideration of key factors determines the optimum degree of standardisation or modification (Delene et al., 1997).

Pricing

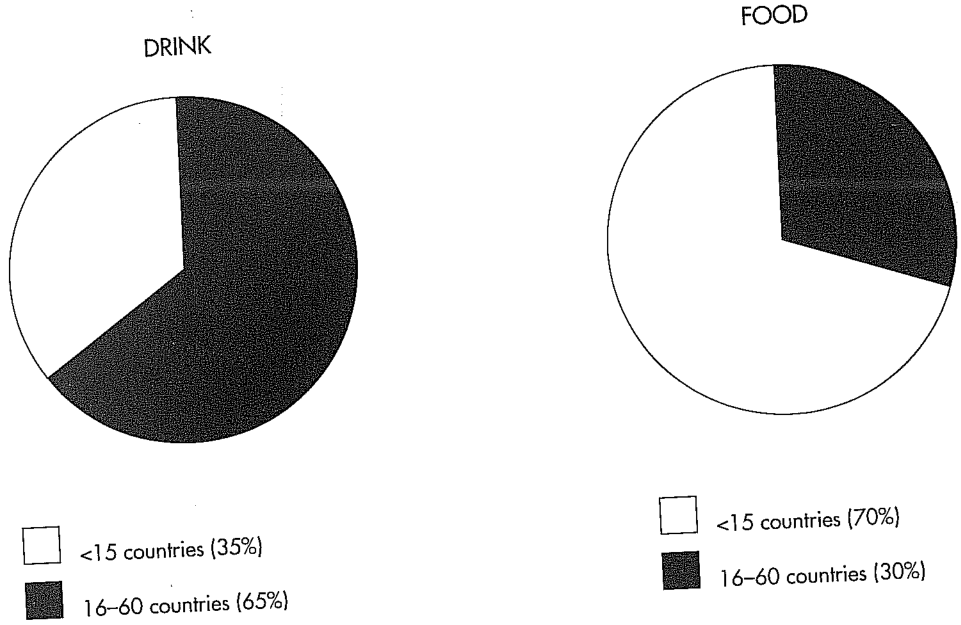
According to the literature, price is probably the marketing element that is most difficult to standardise due to country-to-country differences. Prices are difficult to standardise across borders since the multinational firm will compete with certain firms in one market but with quite different firms in other markets (Marteson, 1987). In addition, prices are affected by transportation costs, duties, channels of distribution and so on. Terpstra (1983) found that American companies adapted their pricing practices extensively to the European markets. Many empirical studies e.g. Boddewyn and Hansen (1977) discovered that prices were fairly uniform within borders.

International Branding and the Standardisation Debate

The rise of globalisation has been one of the most striking trends in business world of the 1990s. Brands have, to a large extent, led the way. 'Homogenous markets lead inexorably to homogenous brands' (Crainer, 1995). Global branding refers to maintaining consistent brand image and character across a wide range of disparate geographic locations (Hart and Murphy, 1998). From an operational perspective, consolidating manufacturing, packaging and marketing functions represents major savings, while from a competitive standpoint, the cost savings and efficiencies can allow the manufacturer to dominate the market.

A number of studies have examined international branding strategies identifying brand name as the most highly standardised aspect of the international marketing mix (Boddewyn and Hansen, 1977; Sorenson and Wiechmann, 1975; Still and Hill, 1984). In addition, considerable research has

Figure 1 **Number of Foreign Markets Served**



been conducted on the types of brands that might be suitable for global branding and standardised brand imagery (Arnold, 1992; Domzal and Unger, 1987). However, many marketers remain sceptical about the claims for global marketing and global branding. Following the guideline of 'think global, act local', the most logical approach is to find some middle ground between the two extremes which is most suited to the nature of the environment facing the international company.

Methodology

This study was based on the framework employed by Rosen et al. (1989) in their study of the degree of standardisation of US brands abroad. Using their study on brand name standardisation as a guideline, the scope of research was extended to cover the degree of standardisation not only of brand name but of branding strategies, comprising product, price, packaging, promotion, brand name and positioning.

The population for this study is defined as brands of Irish exporting manufacturing firms in the food and beverage industries. These two sectors comprise a wide cross-section of brands produced by a broad selection of Irish exporting companies. Consequently, all brands in the Irish food and drink industries were selected as a population for the survey, which facilitated the comparison of the results between the two industries. Using a probability quota sampling method, a sample of 100 brands was selected randomly from the Irish Trade Board's food and drink directory.

Findings

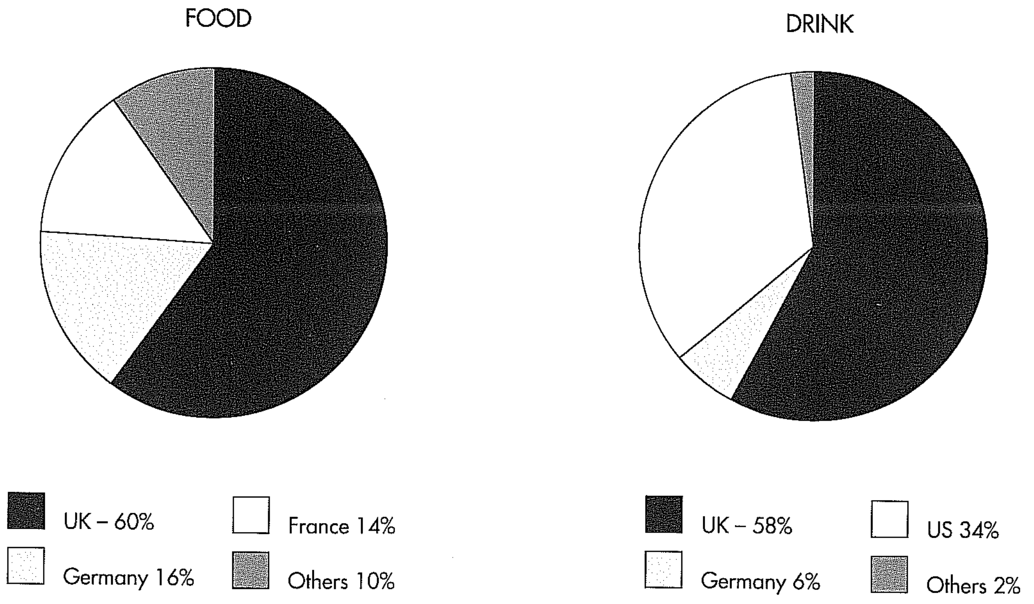
Profile of the Respondents

In total, 48 questionnaires were correctly completed relating to 48 different brands in the food and drink industry, of which 25 were food brands and 23 were drink industry brands.

The respondent firms are categorised according to product category within both the food and drink industries. There was a wide cross-section of all categories within the food industry, with the highest response rate occurring in the dairy (16 per cent), meat (12 per cent), poultry (12 per cent) and confectionery sectors (16 per cent). The remainder of the respondents came from fish, food ingredients, grocery products, prepared meals and dry mix grocery. As regards the drink industry, most of the respondents (brands) were in the alcoholic spirits, liqueurs and beer sectors, representing a response rate of approximately 17 per cent, 17 per cent and 16 per cent respectively. The remainder of brands was in soft drinks, tea/coffee, aerated waters, fruit/vegetable juice, malt and cider.

The highest percentage of the respondents was brands of companies of either a small or large size. Over 50 per cent of respondents were brands of companies that employed 100 employees or fewer, reflecting that the average size of Irish export food and drink companies is small. On the other hand, 27.1 per cent of respondents fell into the 500+ employees category, whereas only 16.6 per cent were medium in size. The substantial percentage of large companies reflects the existence of multinationals and larger companies in both industry sectors.

Figure 2 **Largest Foreign Markets Served**



Degree of Internationalisation

In the survey conducted, it was found that a high degree of internationalisation is practised by Irish food and drink companies, with 35 per cent exporting to 31 countries or more. Moreover, in relation to profits coming from export, in the case of half of the companies surveyed, 41 per cent or more of their sales comes from their export activities. On the whole, drink brands appear to be more internationalised than food brands, with 70 per cent of food companies exporting to 15 countries or fewer, whereas the majority of drink companies export to 16 countries or more.

Therefore, these results indicate that drink is not as highly culture-bound as food, and is therefore showing a higher level of internationalisation than food brands, thereby supporting previous empirical studies and research conducted.

Largest Foreign Market

The UK represents the largest foreign market in the case of drink brands, ranking in first position for 58 per cent of brands. The second and third largest markets for brands in the drink industry are the US and Germany respectively. Similarly, as regards food brands, the UK is largest market for 60 per cent of companies, with France and Germany following in second and third place.

From the findings, food and drink brands target significantly different export markets. The UK has traditionally provided the 'learning ground' for Irish export companies, on which this knowledge can be gained. By obtaining additional knowledge, the firm moves through a process of increasing foreign market commitment and expansion into other markets (Bradley, 1995). This explains the ever-increasing investment of resources by Irish export companies into European and international markets.

Degree of Branding Standardisation

In relation to brand similarity across foreign markets, drink brands tend to be more standardised than food brands. Approximately 57 per cent of drink brands are identical in their domestic and foreign markets, whereas only 4 per cent of food brands make such a claim. The findings are also similar in relation specifically to brand name, with nearly 98 per cent of drink brands selling their product under the same brand name in all markets and only 52 per cent of food brands practising a standardised brand name policy.

The results of the survey correlate with the empirical studies (Still and Hill, 1984; Rosen, 1989; Akaah, 1989) and indicate that brand name standardisation is generally of a high degree. However, this study reveals that a significantly higher propensity for brand name standardisation exists among drink brands as compared with food brands.

In relation to the other elements of a branding strategy, a significant degree of standardisation is practised by both product sectors. In the case of product design, formulation, and personal selling, the degree of standardisation for the drinks industry is much greater than for food brands.

Table 1 Degree of Brand Similarity/Difference by Food and Drink

Brand similarity	*Drink brands*	*Food brands*	*Total*
Identical	13 (56.5%)	1 (4.0%)	14
Similar	10 (43.5%)	23 (92.0%)	33
Different	0	1 (4.0%)	1
Total	23	25	48

However, labelling, promotion, pricing and distribution showed a low degree of standardisation, whereas packaging was generally more standardised for both product sectors. With the exception of pricing, drink brands were more standardised across all elements of the branding strategy than food brands.

Future Standardisation/Adaptation Strategies

More standardisation is planned by drink brands in relation to product design (40 per cent), product formulation (56.5 per cent) and packaging (65.2 per cent), whereas food brands plan to adopt a more adapted strategy to product design (52 per cent), product formulation (32 per cent) and packaging (40 per cent). In the case of the other branding elements (personal selling and distribution), a greater degree of adaptation is envisaged by food brands, while drink companies will be practising a higher degree of standardisation in the next five years.

In relation to the current and future degree of standardisation, drink brands appear to practise currently a higher degree of branding standardisation than food brands. Although both claim to increase the degree of standardisation practised in line with the growing trend towards globalisation, the future rate is claimed to be higher by drink companies.

Degree of Standardisation and the Age of Brands

From the study, it was discovered that neither brand age nor export age and degree of brand standardisation were correlated. Therefore it appears

Table 2 Degree of Branding Standardisation/Differentiation by Food and Drink Brands

Branding strategy (Food and drink)	*Levene's test*	*Equal 2-Tail Sig.*	*Unequal 2-Tail Sig.*	*Mean food/drink* 1 = no standardisation 5 = total standardisation	*Sig.*
Product design	P=.911	.001		F=3.320 D=4.347	Yes
Product formulation	P=.087	.046		F=3.400 D=4.487	Yes
Packaging	P=.285	.361		F=3.565 D=3.560	No
Labelling	P=.483	.471		F=2.826 D=2.520	No
Brand name	P=.647	.004		F=3.320 D=4.391	Yes
Advertising	P=.060	.147		F=3.304 D=2.880	No
Promotion	P=.223	.079		F=2.527 D=2.960	No
Personal selling	P=.621	.011		F=2.434 D=3.280	Yes
Pricing	P=.018		.154	F=2.8261 D=2.320	No
Distribution	P= .018		.076	F=2.260 D=2.760	No

Table 3 Degree of Differentiation between Future Branding Strategy Practised by Food and Drink Brands

Branding strategy in the next five years (Food and drink)	*Pearson test*	*Significant*
Product design	P=.00016	Yes
Product formulation	P=.01179	Yes
Packaging	P=.00773	Yes
Labelling	P=.06240	No
Brand name	P=.00118	Yes
Advertising	P=.00253	Yes
Promotion	P=.24193	No
Personal selling	P=.00963	Yes
After-sales service	P=.01816	Yes
Pricing	P=.00083	Yes
Distribution	P= .02259	Yes

that export brands do not necessarily 'grow up' into standardised, international brands over time.

Attitude towards Branding Standardisation

In response to the theory that the growing trend towards globalisation facilitates the standardisation of branding strategy, drink companies showed a higher degree of agreement than food companies, which corresponds to the generally higher degree of standardisation practised by drink companies in relation to branding strategy.

In relation to the theory that the growing similarity of markets on a global level has facilitated the standardisation of branding strategy, a difference in response between food and drink companies was recorded. Agreement was greater among drink companies in relation to standardisation of product and pricing on a global level, whereas agreement was greater for food companies in relation to the standardisation of promotion and distribution. In relation to the standardisation of brand name on a global level, the level of agreement was equal for food and drink companies.

On a European level, again brand name and product were regarded as being easier to standardise. Promotion was also deemed to be easier to standardise across EU member states; however, distribution and pricing still presented major difficulties in adopting a standardised policy. In general, although standardisation on a European level is easier to achieve than on a global level, a certain degree of adaptation is imperative.

Table 4 Trend towards Globalisation by Food and Drink

Trend towards globalisation/ markets similarity	*Levene's test*	*Equal 2-Tail Sig.*	*Mean food*	*Mean drink*	*Sig.*
Industrial EU states	P=.090	.022	2.120	1.5652	Yes
Whole EU	P=.595	.001	2.3600	1.5652	Yes
Industrial countries	P=.372	.003	2.7600	1.9565	Yes
World-wide	P=.533	.283	2.8478	2.4783	No

Table 5 Standardisation of Branding Strategy on a Global Level by Food and Drink

Standardisation of branding strategy on a global level	*Levene's test*	*Equal/unequal 2-Tail Sig.*	*Mean food*	*Mean drink*	*Sig.*
Product	P=.472	.028	2.8000	2.0435	Yes
Brand name	P=.540	.079	2.2400	1.6087	No
Pricing	P=.129	.026	2.9200	2.2174	Yes
Promotion	P=.833	.032	2.6000	3.3478	Yes
Distribution	P=.015	.041	2.5200	3.1739	Yes

The overall general positive attitude towards globalisation and standardisation among Irish food and drink companies is largely due to the recognition that the domestic market has become saturated and that Irish firms must become more 'European' in their strategic focus.

Obstacles to Standardisation

Product

The greatest obstacles in relation to the standardisation of product design experienced by food companies are 'legal restrictions', followed by 'cultural factors' and 'differentiation in product use'. For drink companies, the greatest obstacles are 'physical environment', followed by 'legal restrictions' and 'competitors' product quality'. In general, the obstacles perceived to be most significant to the standardisation of product design are the same for food and drink companies.

Although product is to a large extent standardised, the findings show that, in correlation with the literature, obstacles still exist which hinder a truly standardised product strategy.

Pricing

In the case of obstacles to the standardisation of pricing, certain differences exist. In the case of food companies, 'legal restrictions' are deemed to pose the most significant obstacle, followed by 'price of substitute goods' and 'margins demanded by distribution channel members'. In the case of drink companies, 'margins demanded by channel members' was greatest, followed by 'legal restrictions' and 'disposable income'. However, with the advent of the euro, price transparency and heightened competition will force companies to exercise a more standardised pricing strategy across European markets (European Commission, 1997).

Distribution

There is a similarity to be observed in relation to the obstacles to the standardisation of distribution. For both sectors, the most significant obstacle is 'access to distribution channels', followed by 'distribution agreements' and 'methods of transport'. For food and drink brands the obstacles are of an equal degree of significance, forcing both product sectors to adapt their distribution and pricing strategies across markets. Distribution and pricing are interdependent variables and present the greatest barriers to the implementation of a standardised branding policy.

Advertising and Promotion

Both product sectors perceive 'advertising costs' to be the most significant obstacle to the standardisation of advertising and promotion. For both sectors, this is followed by 'cultural factors'. Subsequently, 'legal restrictions' is cited as the next most significant obstacle for food companies whereas drink companies nominated 'awareness of brand' as being the third most important obstacle to the standardisation of advertising and promotion.

In summation, despite the growing trend in the convergence and similarity of markets, certain differences and variations within markets exist which pose considerable obstacles to the standardisation of all elements of the branding strategy. In fact, although many of the mandatory obstacles, such as legal constraints and regulations, have been relaxed and eliminated, many non-mandatory or culture-related obstacles (consumer tastes and perceptions, product use conditions, symbolism, shopping patterns) still exist which present a significant obstacle to standardisation of a branding strategy.

Conclusions and Recommendations

The decision whether to adopt a standardised branding strategy across all markets, both domestic and foreign, or alternatively, to partially or fully adapt branding strategy to meet individual markets and requirements has far-reaching and long-term consequences. The chosen strategy permeates through all levels of the organisation and determines the degree of commercial success achieved.

From the study, a general conclusion can therefore be drawn that significant differences between the food and drink sectors exist. In relation to degree of internationalisation, number of markets served, degree of current and future standardisation practised and the attitude towards branding standardisation, the drink industry seems to be more 'internationalised' in nature and more 'standardised' in orientation and shows higher results for all these factors. Therefore, despite the traditional similarity attributed to the drink and food industries, significant differences do exist in relation to branding standardisation.

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